Annual Report and Financial Statements 2016

Leading the way

A strategy to succeed in today's digital automotive marketplace

Auto Trader Group plc is a 100% digital business having successfully completed the transition from a print title in 2013. Auto Trader sits at the heart of the UK's vehicle buying and selling processes and operates the UK's largest digital automotive marketplace.

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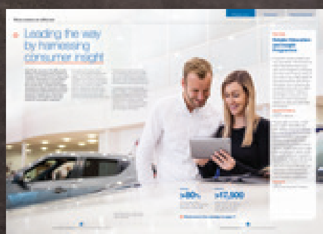
In our first complete year since listing on the London Stock Exchange in 2015, Auto Trader has continued to build on its position as the UK's largest digital automotive marketplace.

Firmly at the heart of the UK vehicle automotive ecosystem, Auto Trader is leading the way in all that we do. Our strategic goals and operating priorities enable us to offer value-adding solutions to all of our customer groups.



Leading the way by harnessing consumer insight

Read more on pages 10 and 11

Leading the way by leveraging the power of our data and valuations

Read more on pages 12 and 13

Business at a glance

In the first full year as a listed company, Auto Trader has achieved strong growth across all three of its revenue streams and recorded the highest level of both audience visits and engagement online, which in turn has delivered additional value to its customers.

Financial highlights

£281.6m
Revenue up 10%
(2015[1]: £255.9 million)

£171.3m
Underlying operating profit up 19%[2]
(2015: £144.1 million)

£169.6m
Reported operating profit up 27%
(2015: £133.1 million)

12.67p
Basic earnings per share from operations
(2015: 0.85p)

£177.0m
Operating cash flow up 30%[3]
(2015: £135.8 million)

£135.3m
Reduction in net external debt to £392.6 million[4]
(March 2015: £527.9 million)

1.5p
Total dividend per share
(interim 0.5p plus final 1.0p)

97%
Operating cash conversion[5]
(2015: 87%)

2.2x
Leverage[6]
(March 2015: 3.4x)

Operational highlights

x6
Larger consumer audience compared to nearest competitor[7]

£1,384
Average Revenue per Retailer forecourt ('ARPR') per month up 10.5%[9]
(2015: £1,252)

13,514
Number of retailer forecourts advertising on Auto Trader[9]
(2015: 13,452)

243m
Advert views[8] per month increased by 7.5%[9]
(2015: 226 million)

1 The comparative 2015 references the year ended 29 March 2015 unless otherwise stated.
2 Operating profit before share-based payments and associated national insurance ('NI'), management incentive plans and exceptional items.
3 Adjusted underlying EBITDA adjusted for movements in working capital, exceptional items and capital expenditure.
4 Gross external indebtedness, not including shareholder loan notes, less cash and cash equivalents.
5 Operating cash flow as a percentage of Adjusted underlying EBITDA (earnings before interest, taxation, depreciation and amortisation, share-based payments and associated NI, management incentive plans and exceptional items, less capitalised development spend (excluding expenditure incurred on building the SingleView order-to-cash billing system)).
6 Net external debt as a multiple of Adjusted underlying EBITDA.
7 Audience measured by cross platform visits to the marketplace by comScore mmx.
8 Company measure of the number of inspections of individual vehicle advertisements on the UK marketplace.
9 Average number during the year.

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Revenue streams

Our three revenue streams are:

Trade

Revenue from retailers and home traders advertising their vehicles and utilising Auto Trader's products.

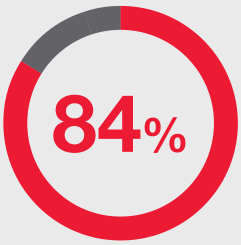
Revenue performance

£236.4m

Up 10%

(2015: £214.8 million)

Percentage of business



Consumer services

Revenue from private sellers who can place an advert for a fee on the marketplace and from our partners who provide services to consumers.

Revenue performance

£30.3m

Up 4%

(2015: £29.0 million)

Percentage of business

Display advertising

Revenue from manufacturers or their advertising agencies who advertise their brand or services on the marketplace.

Revenue performance

£14.9m

Up 23%

(2015: £12.1 million)

Percentage of business

Where we operate

Auto Trader sits at the heart of the UK's vehicle buying process and operates the UK's largest digital automotive marketplace.

In addition to its business in the UK, the Group operates a similar business in Ireland through its website carzone.ie.

"The last 12 months have been ones of considerable success for Auto Trader. These results are our strongest yet. We grew revenue by 10% year-on-year to £281.6 million."

Ed Williams
Chairman

£281.6m
Revenue up 10%
(2015: £255.9m)

£171.3m
Underlying operating profit up 19%
(2015: £144.1m)

The year

The last 12 months have been ones of considerable success for Auto Trader. These results are our strongest yet. We grew revenue by 10% year-on-year to £281.6 million. Underlying operating profit was £171.3 million, representing an increase of 19% over the previous year. From the growth in value we have provided to both retailers and manufacturers, to the increase in our consumer engagement and audience metrics, Auto Trader continues to lead the way in the digital automotive classified sector.

Life as a public company

This was Auto Trader's first year as a public company. The transition has been relatively smooth and is, in effect, complete. Fortunately, as the results indicate, it has not distracted the business from its focus on driving value for our customers.

Our Board

Since our stock market flotation in March 2015, we have appointed three Independent Non-Executive Directors to our Board. We welcome them all and appreciate the contribution they have already made. David Keens, formerly Group Finance Director of NEXT plc, has taken on the roles of Senior Independent Director and Audit Committee Chairman. Jill Easterbrook, until recently a senior executive at Tesco plc, has taken on the role of Remuneration Committee Chairman. Jeni Mundy, a senior executive at Vodafone Group plc, completes our new Board, bringing a huge depth of knowledge of the fast changing mobile data environment. All three serve on our Audit, Remuneration and Nomination committees.

Tom Hall and Nick Hartman resigned from the Board in March 2016 under the terms of the relationship agreement with our previous major shareholder. The Board would like to acknowledge the major contribution they have made to the Auto Trader business, not least in migrating Auto Trader from a primarily print based business to an entirely digital business. At a personal level, Tom and Nick have been outstanding Board members and will be missed.

Chip Perry, Independent Non-Executive Director, resigned from the Board in March 2016. Chip has returned to a full-time CEO role at TrueCar Inc. Regrettably, he felt that the responsibilities of a CEO of a public company based in California were incompatible with the obligations of consistently attending Board meetings in the UK. However, he has kindly agreed to give us access to his unparalleled industry knowledge by continuing to help us in an advisory capacity.

The composition of the Board is now fully compliant with the UK Corporate Governance Code.

Capital structure

As indicated at the time of our stock market flotation, we commenced paying a dividend in the year, with surplus cash being used to pay down debt towards a two times debt leverage target. Most of the cash generated this year has been used to pursue that goal, which we have achieved following the end of the financial year.

Shareholders can anticipate a significant increase in the dividend during the coming financial year in line with our prior guidance and the Board aims promptly to return to shareholders the majority of the surplus cash generated by way of a share buyback programme, with some surplus cash being used to further reduce indebtedness.

Employee contribution

I would like to take this opportunity to express my thanks to all the employees of Auto Trader for what has been an extremely busy, as well as successful, year.

Ed Williams
Chairman
9 June 2016

Governance

At 27 March 2016 and to the date of this report, the Board composition is fully compliant with the UK Corporate Governance Code:

Ed Williams
Chairman

Trevor Mather
Chief Executive

Sean Glithero
Finance Director and Company Secretary

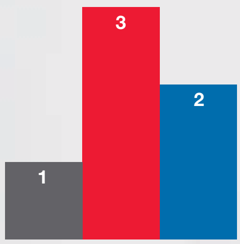
David Keens
Senior Independent Non-Executive Director and Audit Committee Chairman

Jill Easterbrook
Independent Non-Executive Director and Remuneration Committee Chairman

Jeni Mundy
Independent Non-Executive Director

Board composition

As at 27 March 2016



- Chairman
- Independent Non-Executive Directors
- Executive Directors

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The automotive market today

The UK automotive market continues to grow modestly.
New car registrations maintain strong levels which is feeding used car growth.

UK economy and associated macroeconomic conditions

The UK automotive market is intrinsically linked with the wider UK economy.

The UK remains one of the fastest growing developed economies, with GDP growth for Q4 of 2015 ahead of expectations at 0.6% and annual GDP growth for 2015 of 2.2%. In 2016, the economy has returned to its pre-recession size and the IMF expects economic growth rates of consistently above 2% over the next few years. However, the service sector is growing at a subdued rate and other sectors, such as manufacturing, are struggling. The UK also has a growing current account deficit, which is an indication of the vulnerability of the economy, and the uncertainty surrounding Britain's membership of the European Union poses risks for sterling as well as trade throughout Europe.

Nonetheless, 2015 saw the return of consumer confidence, and retail sales in 2016 are growing strongly as households benefit from continued low interest rates and inflation. Low unemployment, rising earnings growth and a low oil price are also boosting spending.

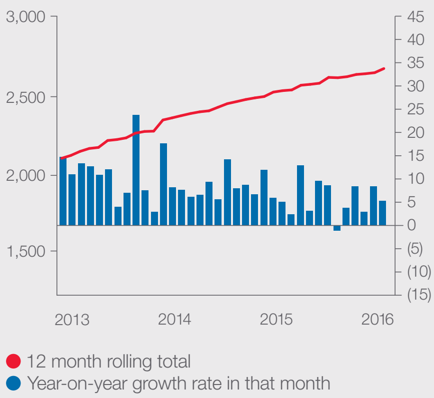
UK automotive drivers

New and used car sale volumes
Worth approximately £90 billion, the new and used car markets are a substantial part of the UK economy. In 2015 it was estimated that there were 34 million cars in the UK, and 10 million car transactions. New car registrations have increased over the last four years, growing year-on-year for 50 of the last 51 months according to the Society of Motor Manufacturers and Traders ('SMMT'). They reached 2.67 million units in the 12 month period to March 2016, exceeding pre-recession levels. New car transaction growth is translating into used car transaction volumes, with total transactions up 6% in the year to March 2016.

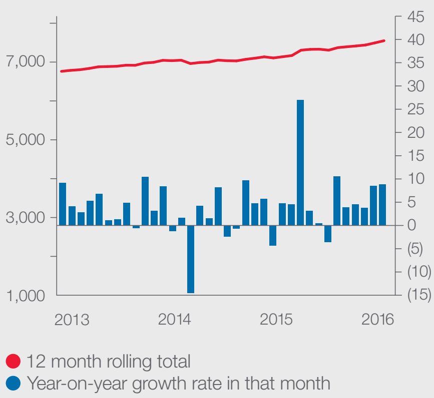
But it's not just consumer confidence and economic recovery that are responsible for growth in both new and used car markets. The availability of competitive and diverse finance options (often heavily incentivised) has made it easier than ever to secure bespoke and affordable funding arrangements for new or used cars. Personal Contract Purchase ('PCP') agreements grew again as predicted, accounting for over three quarters of consumer new car deals and over a third of used car deals in 2016[1], as financing used cars becomes an increasingly popular model amongst UK car buyers.

34m
cars in the UK in 2015

Number of new car registrations
('000s)



Number of used car transactions
('000s)



Opportunities

- If new car registrations maintain their existing levels, this will mean a good supply of three to six year old used cars in the coming years, thus growing the used car market.
- An increase in the number of used car transactions generally means that our customers are performing well, allowing us the opportunity to provide more solutions to help them to manage and grow their businesses.
- With continued low interest rates and more retailers offering PCPs on used vehicles, there is the opportunity to increase the overall frequency of car sales.

Auto Trader is uniquely positioned in the market and is well placed to take advantage of a range of growth opportunities.

Digital buying and selling drivers

Changing consumer behaviour
As digital technologies play an ever increasing role in our day-to-day lives, consumers expect to access information anywhere, at any time and on any device, and this includes researching and buying a car. As the UK's largest digital automotive marketplace, we are able to observe how consumers research their next car online. Consumers spend on average nearly 11 hours[2] choosing the exact vehicle that is right for them. This shift online has created a 'digital forecourt', which allows consumers to make their car purchase decisions long before they set foot onto a physical forecourt. Our research tells us that twice as many hours are now spent researching used cars online as offline[1]. This in turn leads to fewer forecourts visited than seen historically, so it is key that retailers advertise all their stock online – if it is not online, it is effectively not for sale.

The traditional forecourt still has an important role to play, but it is no longer the primary destination for consumers to conduct their research – online marketplaces are becoming the most important part of the purchase journey[1]. That research plays a significant role in which forecourt a consumer might visit (71% of buyers first visit a forecourt to test drive or transact on a specific car).

Consumers expect car buying to be like any other retail business. This demand is challenging the traditional way car 'dealers' do business. Dealers need to operate as digital retailers to adapt to these changes. Some already have, by adopting digital strategies to run their business. Many understand the need to implement multi-channel approaches, so that the online and offline experience for consumers is consistent and meets the needs of car buyers. More progressive car retailers also exploit data to run their businesses – key to enabling them to buy desirable stock for their area, at the right price and sell at market value.

70%
customer searches that come from mobile and tablet devices

11 hours
average time spent by consumers researching their next car online

Opportunities

- With the growing UK car automotive market coupled with consumers conducting the majority of their research online, we anticipate a growth in usage in our consumer valuations tool, something we are focused on embedding as a benchmark for the industry.
- Our research tells us that 64% of new car buyers visit Auto Trader[4], meaning we are highly relevant to manufacturers. This is an area we believe we can add increased value to through our display advertising propositions.
- There is also the opportunity to use our market position to continue to develop products within and outside of our core classified offering to better meet the needs of consumers and therefore improve market efficiency.

Automotive advertising drivers

Advert views
Advert views increased by 7.5% to 2.9 billion in the year. Advert views are click-throughs from initial search result pages and are the consumer activity measure most correlated to vehicle transactions between consumers and retailers. This means that more than 93 vehicles are being virtually inspected every second of every day on Auto Trader's marketplace.

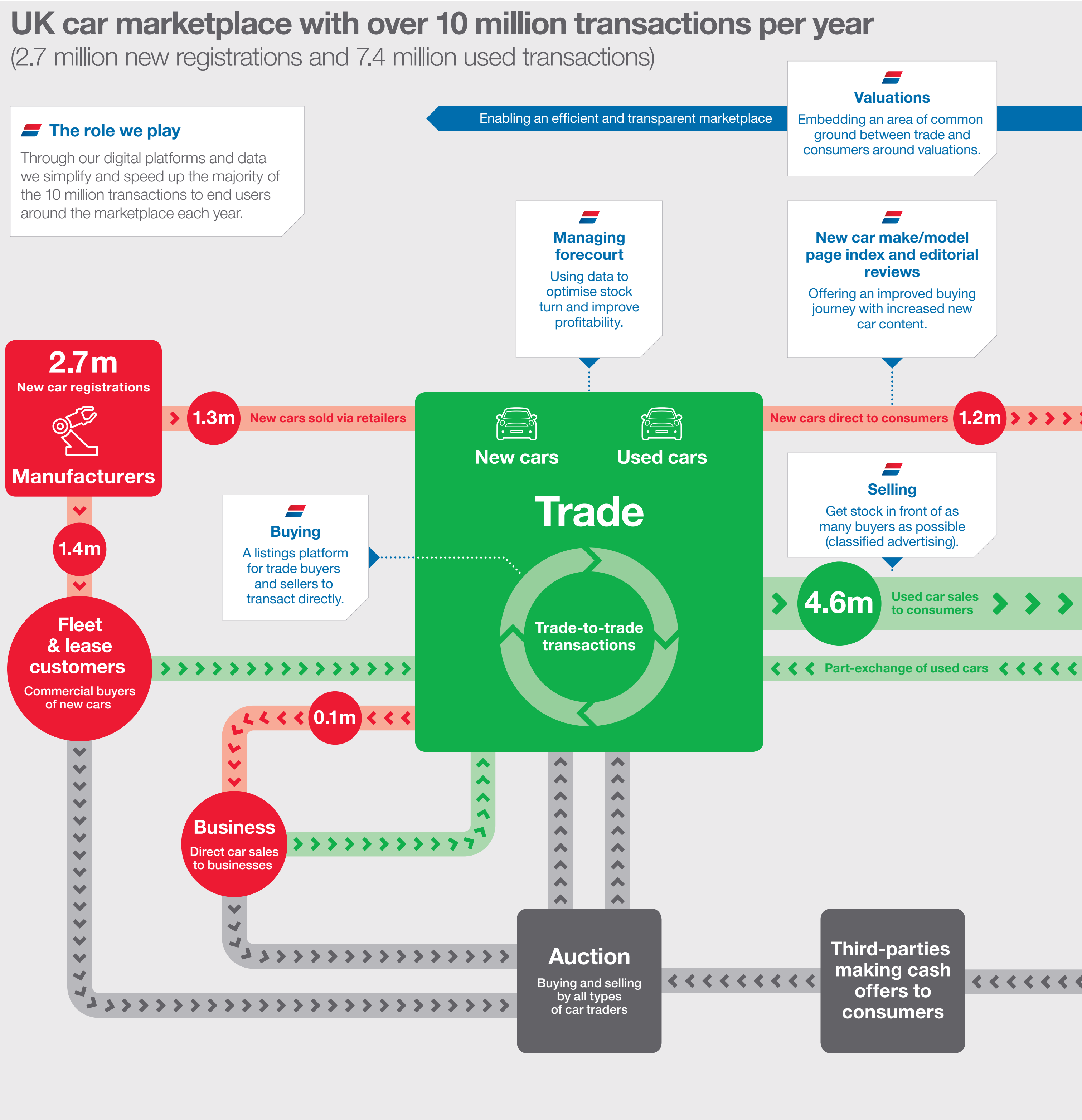
Transition of automotive advertising
In 2015 it was estimated that 72% of automotive classified spend was online[3]. We expect this figure to increase further in the next couple of years. It is also worth noting that the overall automotive classified expenditure in 2004 was 40% greater than we see today (over £500m) so there is scope within the existing cost base to put a greater emphasis back on core classifieds, particularly with the more prominent role being played by digital. Beyond that, we estimate that we account for only a small proportion of a retailer's gross profit. There is scope to grow this by increasing penetration of products that meet customers' needs beyond core classified advertising, such as i-Control.

+7.5%
increase in advert views to 2.9 billion in the year

1 The Finance and Leasing Association.
2 10.6 average hours online vs. 4.5 hours offline for used cars, Annual Buying Behaviour Research Study in conjunction with GfK.
3 ENDERS, used car marketing outlook, December 2015.
4 Kantar Media, The undecided car buyer research report, 2014.

Auto Trader's role in the car marketplace

The automotive marketplace is complex and often inefficient; Auto Trader's aim is to make it simple and more efficient.



Read more
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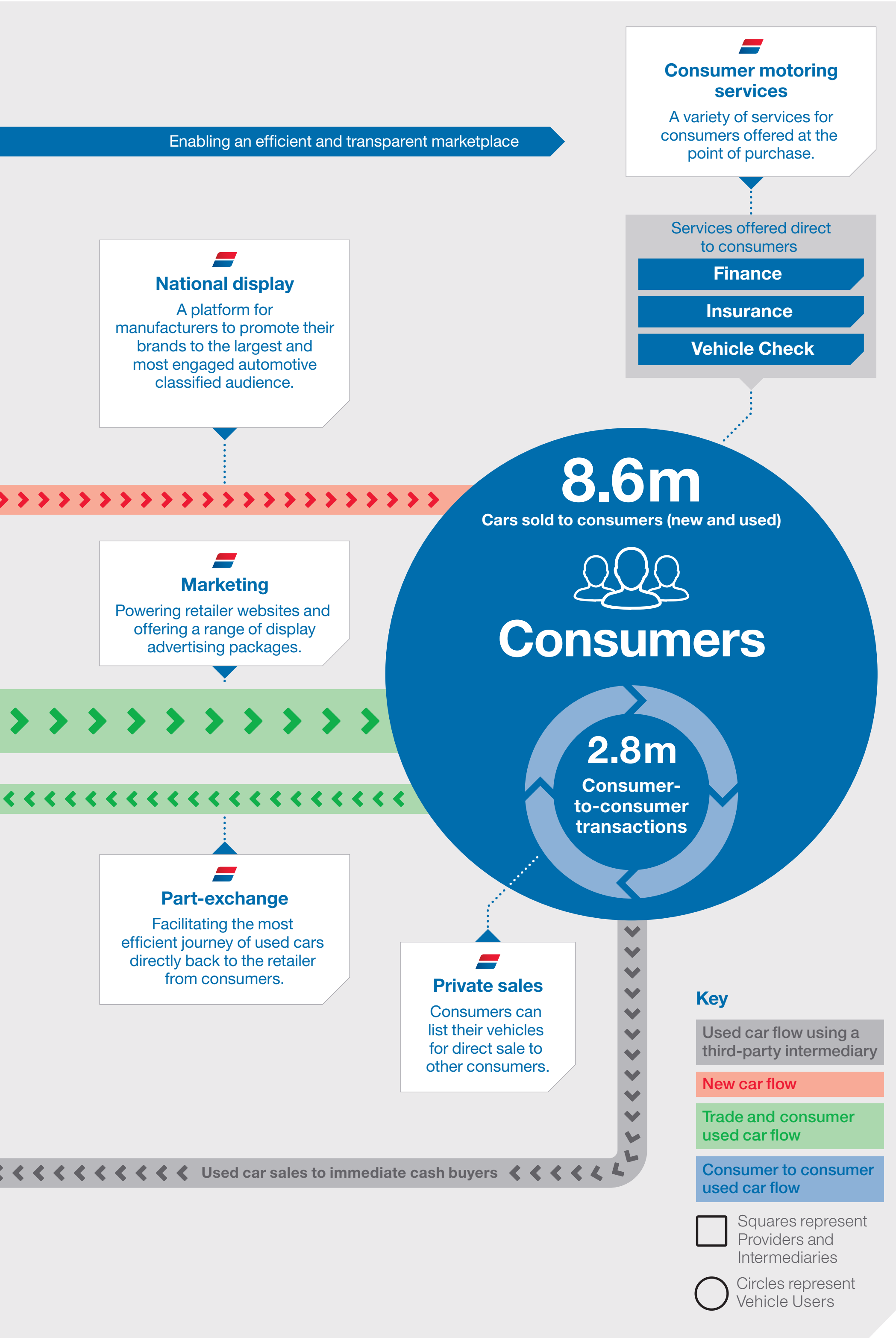


UK car marketplace

There were over 10 million car transactions in the year to March 2016 of which 27% were brand new registrations from the manufacturers to a combination of consumers, fleet and lease companies and direct to businesses. According to IDC[1], manufacturers spend £1.5 billion advertising their brand in the UK but only a small proportion of this is online, despite online being a key influencer in the purchasing decision.

New cars are typically traded in after a three to four year period, entering a cycle between retailers, consumers and third-party intermediaries. Greater prominence of finance in new car transactions is reducing the time lag from new to used. These used car transactions make up 73% of the market and this is where our role is currently most prominent.

With the largest and most engaged classified automotive audience, we help anyone listing a vehicle to connect with potential buyers. Our audience and volume of vehicles and retailers also mean we have the largest source of automotive classified data in the UK, which we believe we can use to better connect buyers and sellers in a more efficient marketplace.

Although the diagram focuses on UK cars,our other markets (bike, truck, plant, farm, motorhomes and caravan markets, and Ireland) operate in a similar way.

Outlook

Despite the continued likelihood of low interest rates, we note other commentators who anticipate that new car volumes will start to plateau in 2016 now that they have exceeded pre-recession levels. However, we expect used car transactions to continue to grow on the back of the new car strength over the last four years.

The evolving nature of the consumer buying journey, driven by new technologies, continues to enhance the relevance of digital platforms. This creates continued opportunity for us to develop products and tools for retailers and innovative solutions for consumers to enhance the car buying and selling experiences and to increase efficiency and transparency in the marketplace. There is also still a significant opportunity to prove the value and relevance of our marketplace with manufacturers who currently spend only a small proportion of their annual budgets on digital marketing.

1 International Data Corporation ('IDC') research 2014.

Leading the way by harnessing consumer insight

Auto Trader receives c.48 million cross platform visits each month, and lists on average over 437,000 cars for sale at any one time, which gives us an unrivalled view of the automotive marketplace. We use this data, coupled with insights derived from regular consumer research we conduct, to understand how consumer behaviour impacts the automotive landscape and therefore what this means for our retailer customers.

Consumers now spend around 11 hours online researching their next vehicle[1]. Auto Trader is the primary destination in their search followed by a dealer's own website. So the digital forecourt is now key for retailers to attract consumers to buy their cars. But how should they do this? What makes an advert stand out online? How can they increase their stock turn?

These and other topics are covered by our Retailer Education and Insight team who established a programme designed to help retailers navigate the changing digital automotive landscape.

The Retailer Education and Insight team's programme comprises videos, webinars and regional masterclasses, as well as presenting at industry-wide conferences and bespoke retailer conferences – in 2016 alone, the team reached over 17,500 representatives from the retailer community.

1 Auto Trader research conducted with GfK in January 2016 – Annual Buying Behaviour Report.

Case study

Retailer Education and Insight Programme

"I found the course excellent and very informative. The number one thing I have taken away is just how much the game is changing and how much I need to keep on top of this to be a major player for now and the future. With all this technology now moving so fast, you either move with it or clearly will get left behind. Thanks for an excellent course and I look forward to more training and seeing you and your great team in the future."

Russell Paul Webborn
PC Autos
attended a masterclass

"Thanks again for today, it really was a great, informative day and I believe it has truly inspired everyone. By the time we arrived back in the office I had more images of cars which I have attached for you to take a look at (already you can see such a huge improvement) and I had an email in my inbox asking for a poster to be designed offering a free phone charging point. Great to have everyone on board and with such enthusiasm which could only have ever been achieved from such a fantastic presentation."

Victoria Lyle
SERE Ltd
attended a bespoke retailer conference

>80%
of all minutes spent on automotive classified websites are spent on Auto Trader

>17,500
representatives from the retailer community reached by the Retailer Education and Insight Programme

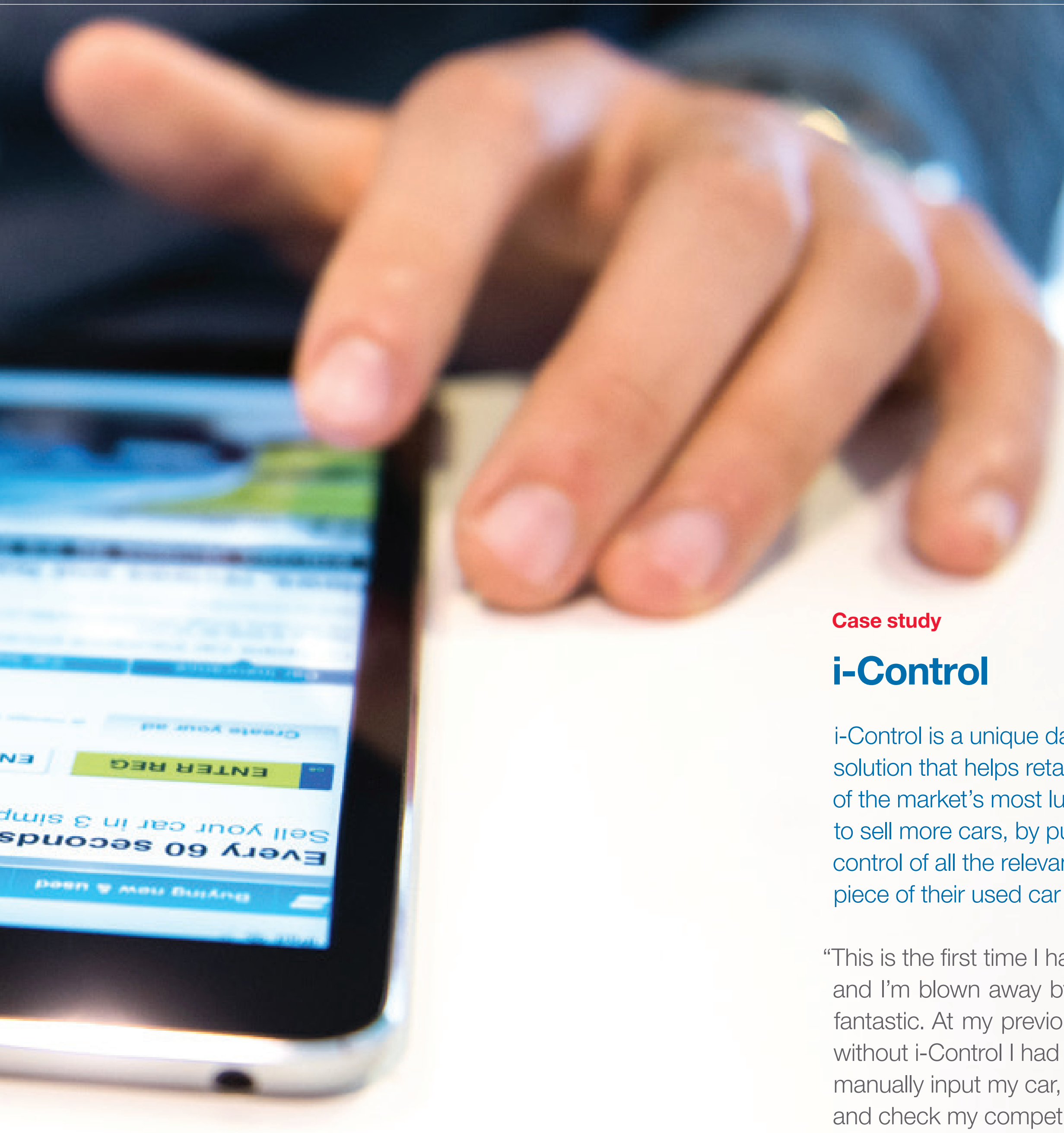
Read more in Our strategy on page 17

Leading the way by leveraging the power of our data and valuations

Our strategy is underpinned by leveraging the power of our data to improve the process of buying and selling vehicles through the application of digital technologies, ensuring the consumer experience is as smooth as possible and that retailers gain maximum value from the marketplace.

Our customers operate c.13,500 forecourts, over 1,900 of which currently use products in our Managing Pillar: i-Control and Retail Check. These are data driven products designed to help retailers buy the right vehicle at the right price, in order to optimise stock turn. This data is also a key driver of our consumer valuations tool on site.

Around 13.7 million consumer valuations and 30.1 million trade valuations were conducted in the year to March 2016 as consumers look to find out what their car is worth in a part-exchange or private sale, as well as what price is required to secure their new car of choice, from either a trade or private seller.



Case study

i-Control

i-Control is a unique data intelligence solution that helps retailers take advantage of the market's most lucrative opportunities to sell more cars, by putting retailers in control of all the relevant data on every piece of their used car stock.

"This is the first time I have used i-Control and I'm blown away by it, I think it's fantastic. At my previous employers, without i-Control I had to go to Auto Trader, manually input my car, search my region, and check my competitors' prices before updating my ads. Now I am able to filter independent dealerships out of my search, allowing me to compare my prices with my actual competitors' quickly and effectively."

Matthew Bavin
Pentagon Lincoln

>1,900
customers currently using i-Control

13.7m
valuations conducted by consumers this year

Read more in Delivering on our priorities on pages 20 to 23

"Even in a culture that welcomes change like Auto Trader's, this has been a truly landmark year."

Trevor Mather
Chief Executive

7.5%
Growth in advert views

£1,384
ARPR up 10.5%
(2015: £1,252)

Even in a culture that welcomes change like Auto Trader's, this has been a truly landmark year. In our first year as a listed company, we have significantly increased both the consumer audience that visits our marketplace and their engagement on our sites. We have substantially increased the value we deliver to vehicle retailers and continued the transformation of the way in which we manage our customer relationships. Whilst doing this, we have delivered an outstanding performance, improving our revenue and Underlying operating profit to levels that exceeded initial expectations.

Summary of operating performance

Our operating results reflect an excellent year for the business. Revenue growth of 10% was achieved through the positive contribution of all three of our revenue streams: trade, consumer services and display advertising.

Trade

In trade, we increased the value delivered to our customers through a greater number of cross platform visits, and higher levels of consumer engagement, resulting in 7.5% growth in advert views – the equivalent of an extra six vehicles being viewed every second on the marketplace.

Consumers spent over 676 million minutes a month on our site (March 2016) compared to 458 million a year previously. Our share of minutes spent on automotive digital classifieds rose to 85% (2015: 76%)[1].

Beyond the increased levels of response, we have further embedded the use of data driven products which aim to improve the day-to-day operational efficiency within our retailers' businesses. Market conditions were buoyant, resulting in an increased number of transactions. This helped to increase the number of cars listed on our site as did a modest growth in average retailer forecourts to 13,514. Those contributing factors helped drive Average Revenue per Retailer ('ARPR') 10.5% higher to £1,384 per month.

Consumer services

Growth in consumer services of 4% was pleasing in light of the increasingly competitive nature of this sector, aided by our motoring services products (offered to consumers at the point of purchase) which saw growth similar to the previous year.

Display advertising

A strong display advertising performance continued the momentum from the previous year, with revenue up 23%. Improved relationships with agencies, combined with new, improved advertising formats, in particular homepage takeovers, were the main drivers of this growth.

Operating efficiencies

We seek to be as lean as possible and to enable our teams to be as productive as they can be, which generally requires fewer, but better paid people. This year we reduced our headcount (including contractors) from 915 to 859.

Our marketing spend grew to £15.7m – an increase of 2% above last year, well below our revenue growth of 10%. This moderate increase enabled us to drive all of our brand and audience initiatives, including the continuance of our 2015 brand-led campaign on TV, video on demand and online, and the introduction of a new marketing campaign focused on our online valuation tool, new part-exchange product and discovery search functionality (see overleaf for more details). Other costs and capital expenditure were in line with expectations.

Revenue growth, coupled with lower costs, delivered a 5 percentage points improvement in Underlying operating profit margin to 61%.

Our strategy

Our strategy is to provide the UK and Ireland's leading digital automotive marketplace and help improve the process of buying and selling vehicles for consumers and retailers alike. Critical to this are a smooth online experience for consumers and the provision of data driven intelligence for vehicle retailers.

1 comScore MMX MP March 2016 data.

Investing in innovation

Over the past year we have continued to innovate, in particular through exposing the key insights from our massive data sources.

There are over 80,000 variations of make and model of cars available to buy in the UK. Even for confident buyers, this is a bewildering choice. To help consumers decide which car they want to buy, this year we introduced a new way of searching for vehicles – 'discovery search' – which allows a buyer to search for cars if they don't know the make or model they want, e.g. by the number of seats, fuel type or on price alone. Additionally we now have over 700 expert reviews of vehicles (an increase of 20%), which have received over eight million page views this year, and over 45,000 owner reviews on site, helping consumers compare and choose. These innovations have improved the value we provide to consumers.

Part-exchange is the most efficient way for retailers to acquire stock. Our research shows that 81% of consumers[2] said they would be more likely to consider part-exchange if they could get a trusted price online for their car before turning up at the dealership. In order for us to help our retailers win in the marketplace and ultimately make the industry more transparent and more efficient, we launched a new part-exchange tool last year. Over 60% of all classified retailer adverts now feature the part-exchange tool.

Consumers conducted 13.7 million valuations on Auto Trader during the year, an increase of 38% from the previous year, receiving a real time retail value for their car. There were also 30.1 million trade valuations conducted (2015: 23.8 million) as we focus on embedding the insight we have into valuations across the marketplace, so they become the benchmark for both consumers and retailers.

Putting data at the core

We have continued to develop our data driven products to help retailers manage their forecourts effectively in order to optimise their margin and stock turn, with over 1,900 forecourts now using them. We continue to develop these tools and believe more retailers will take advantage of these products.

Findings from Auto Trader's Annual Car Buying Report found that of those consumers looking at classified sites in the new car buying process, 85% used Auto Trader and 48% said Auto Trader was the most influential source – twice as much as the nearest website[3]. To capitalise on this opportunity, we launched new bespoke branded content solutions so that manufacturers could use new formats and editorial partnerships to reach these car buyers. We have also innovated the format of the advertising we offer, including native adverts on mobile platforms, and have combined these with a data driven targeting solution powered by a new data management platform, allowing vehicle manufacturers to put their brand in front of the most relevant consumers at every stage in the car buying journey. This, coupled with our new branded content solutions and advertising formats, provides a compelling proposition for manufacturers.

We focus on assisting media agencies to drive better return on investment for their clients from their marketing and on helping to improve the effectiveness of their retailer relationships.

Enhancing our organisational structure

With the transition from print to digital complete, the last year has been one of greater organisational continuity than in previous years. However, we continue to make significant changes to improve our relevance to our market.

Firstly, we brought together our audience acquisition and brand marketing functions to ensure that those who were responsible for growing our audience were also responsible for ensuring that that audience was engaged.

Secondly, we have merged our retailer and consumer product teams, who now follow an end-to-end, test and learn product development approach. Across the business, we release over 50 software updates every week.

Thirdly, we transformed our sales and service functions, integrating them together, and implemented a new 'Challenger' sales model across the organisation, which we believe will help us deliver the strategic consultancy relationship we strive for with our retailer customers.

The commitment and enthusiasm of our people are vital to our continued success, and 97% of employees have said that they would recommend Auto Trader as an employer[4].

Outlook

The new financial year has started well. Based upon having the largest consumer audience, healthy relationships with our retailers, a robust car buying market, and a modest cost base decrease, the Board is confident of further growth in the coming year.

Trevor Mather
Chief Executive
9 June 2016

2 Auto Trader's Market Report research surveyed 5,000 consumers in December 2015.
3 Auto Trader's Annual Buyer Behaviour Report 2016 in conjunction with GfK.
4 According to Glassdoor, the UK's fastest growing jobs and recruiting site.

Our mission is to lead the digital future of the UK automotive marketplace

Auto Trader is a 100% digital business and we have a clear focus on maintaining our market position as the UK and Ireland's leading digital automotive marketplace for buying and selling new and used vehicles.

Strategic goals

We will simplify our business and integrate our assets

We will continuously improve and be brilliant at everything that is at our core

We will build a digital culture that is values driven, customer focused and data oriented

Operating priorities

1 Increase consumer audience, advert views and use of our valuation tools	The network effect model calls for the largest and most engaged audience in order to drive the most advert views and ultimately sales of retailers' stock. Offering useful services that help consumers to buy and sell easily, like the valuation tool, is essential to keep our marketplace relevant.
2 Promote trust and fairness in the marketplace	A trusted, fair and effective marketplace is core to the value we deliver to consumers, customers and manufacturers, who expect us as operator and custodian of the marketplace to ensure all participants benefit.
3 Grow ARPR in a balanced, sustainable way by creating value for our customers	ARPR is our primary driver of revenue growth so the more balanced we can be across price rises, stock listing growth, product upsell and cross sell, the more sustainable our revenue will be in the long term.
4 Extend the penetration of products outside of our core classified proposition	Leveraging our core business to meet the wider needs of retailers, helping them to remove inefficiencies and become more profitable, whilst providing Auto Trader with a material source of future revenue growth and a closer relationship with its customers.
5 Enhance our relevance and value to manufacturers	64% of car buyers use Auto Trader in their search for a new car[1]. Given £1.5 billion is spent on new car advertising by manufacturers[2] and only a very small portion is spent with Auto Trader, there is a huge opportunity to promote the relevance and value of our marketplace with this audience.
6 Operate a simpler, leaner and more data-oriented business	Making our processes and procedures more intuitive and streamlined, together with harnessing the data from our marketplace which will benefit both our customers and employees. Creating a high-performing, continuously developing business will unlock opportunities and provide a truly digital experience for all.

1 Kantar Media, The undecided car buyer research report, 2014.
2 International Data Corporation research, 2014.

Turn over the page
to learn more about our business model and how we deliver on our priorities.

Generating shareholder value

Our leading digital UK automotive marketplace benefits from the network effect model whereby the largest and most engaged consumer audience generates the most effective response for our retailer and manufacturer customers who in turn provide consumers with the most comprehensive choice of vehicles.

Network effect model

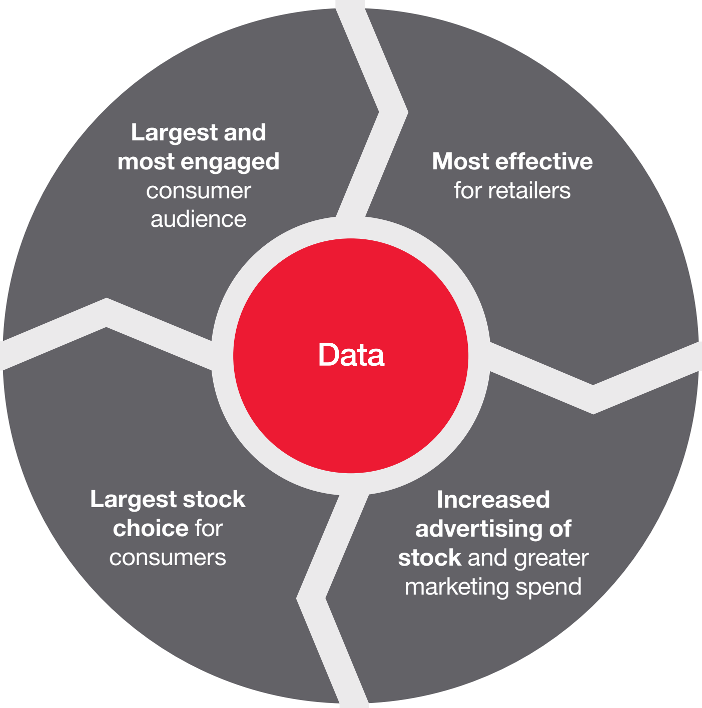
We have the largest source of automotive classified data allowing consumers visiting our marketplace to research and search for vehicles they would like to buy.

Maintaining the largest consumer audience through:

- Being a trusted brand for nearly 40 years.
- 92% of UK consumers knowing the brand and knowing what we offer[1].
- Delivering the best consumer experience.
- Easy to use web platforms that are fully mobile-optimised.
- Delivering engaging content.
- Engaging with consumers at all stages of the user journey.

Most effective for retailers through:

- Exposure to the largest and most engaged consumer audience.
- Making searching easier for the user through more filter options.
- Delivering pages with classified core specifications.
- Providing full page advert views, allowing further dialogue between consumers and retailers.
- Access to our retailer portal, allowing retailers to upload, manage and measure stock performance.



Maintaining the largest stock choice through:

- Attracting the greatest choice of makes and models, with the most manufacturers listed.
- Largest price range of cars.

Increased advertising of stock through:

- More listings.
- Greater spend to achieve more prominence on the marketplace and greater conversion of leads to sales.

1 Acacia Avenue, Independent Quarterly Brand Tracker Report, March 2016.

Read more
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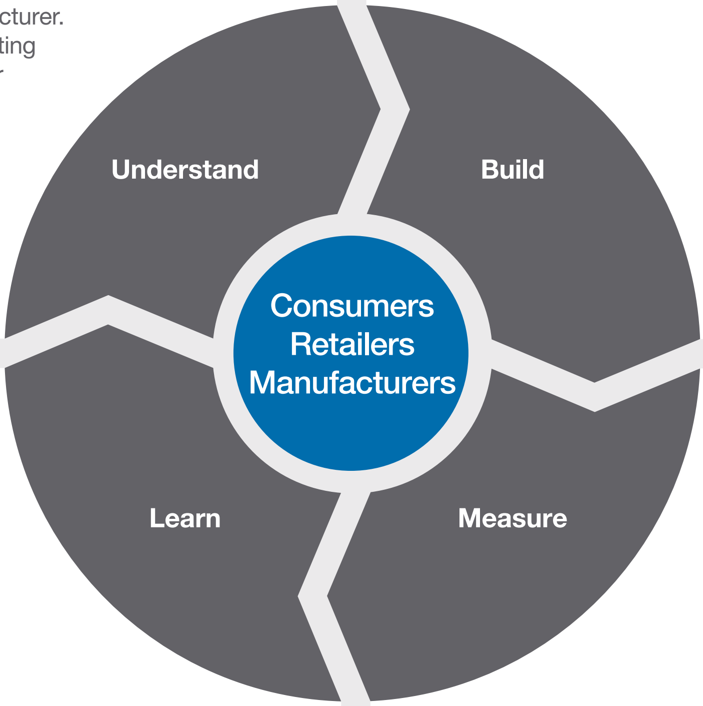
Data driven product development

We adopt an agile approach to product development, placing the relevant audience at the heart of the process, and using our data to make informed decisions so that we can create valuable products and services quickly for our consumers and customers.

Our teams follow this process, "the Auto Trader Way", for everything which means we can launch products quickly, improve experiences and constantly make iterative changes to ensure we constantly innovate; in fact over 50 software releases are made every week.

Understand
We start by understanding the needs of our audience, be that a consumer, retailer or manufacturer. This may be achieved by visiting sites, conducting research or gathering feedback.

Build
We then build the experience or product based on what might work or what might make the experience better and launch it to a small sample of the relevant audience.



Learn
Then, based on the learnings, we move back into the 'Understand' phase to assess the next challenge in the journey.

Measure
We then measure to see if the launch is having the impact we expected and that our audience expected.

A clear focus on our six operating priorities allows us to monitor our strategic progress and deliver results, consolidating our position at the forefront of the UK automotive marketplace.

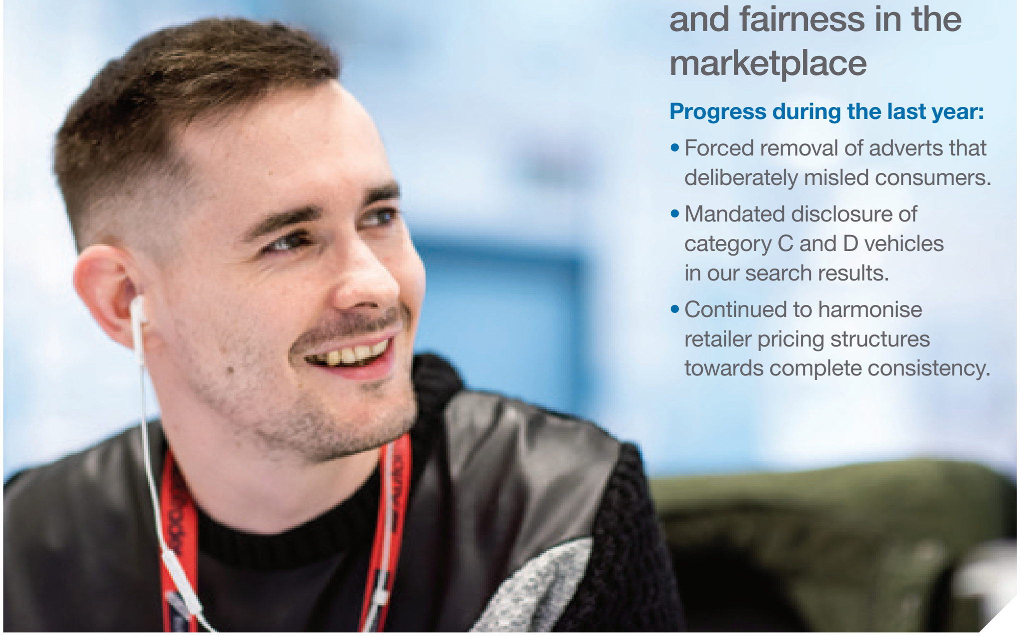
Bringing buyers and sellers together

1 Increase consumer audience, advert views and use of our valuations tools

Progress during the last year:

- 6x larger than our nearest competitor in terms of minutes spent on site.
- Full page advert views rose 7.5%.
- Consumers conducted 13.7 million valuations in the year to March 2016.

Protecting consumers and customers



2 Promote trust and fairness in the marketplace

Progress during the last year:

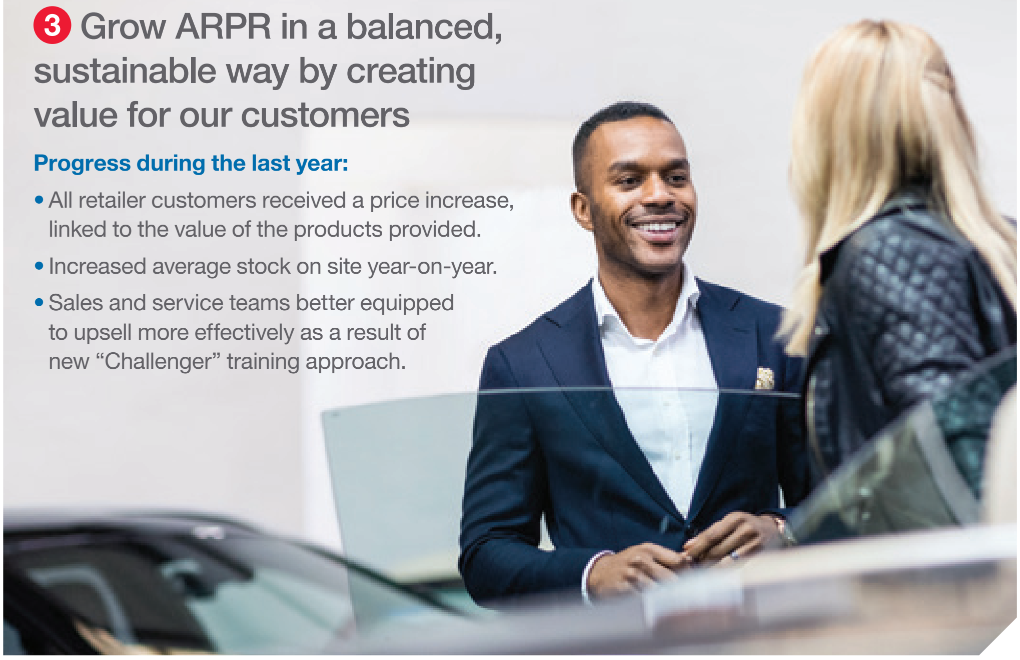
- Forced removal of adverts that deliberately misled consumers.
- Mandated disclosure of category C and D vehicles in our search results.
- Continued to harmonise retailer pricing structures towards complete consistency.

Creating value for customers

3 Grow ARPR in a balanced, sustainable way by creating value for our customers

Progress during the last year:

- All retailer customers received a price increase, linked to the value of the products provided.
- Increased average stock on site year-on-year.
- Sales and service teams better equipped to upsell more effectively as a result of new “Challenger” training approach.



Be broader in our offering

4 Extend the penetration of products outside of our core classified proposition

Progress during the last year:

- i-Control penetration to over 1,900 forecourts.
- Retailing solutions revenue growth of 11%.
- Launched part-exchange tool to over 6,600 retailers, representing c.60% stock listings.
- Submitted an application to the FCA for approved introducer authorisation.

Opportunity for growth

5 Enhance our relevance and value to manufacturers

Progress during the last year:

- Launched new creative solutions and advertising formats to manufacturers.
- Coordinated consistent, locally targeted brand advertising across manufacturers and franchised networks.
- Increased total display spend by manufacturers by 31%.

Data-oriented strategy

6 Operate a simpler, leaner and more data-oriented business

Progress during the last year:

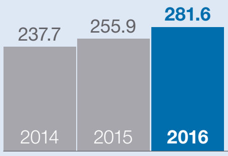
- Migrated 71% of retailer forecourts onto new billing system, Singleview.
- Developed the "Auto Trader Way" methodology to standardise the approach to product development, placing data at the heart of everything we do.
- Re-structured our organisation to ensure our teams could operate collaboratively, share knowledge and skills in an agile manner.

Financial performance KPIs

We use the metrics below to track our financial performance.

Revenue
£m

+10%



Operating priorities

1 2 3 4 5 6

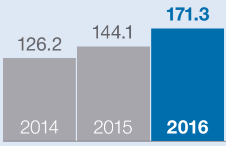
Definition
The Group generates revenue from three different streams: trade, consumer services and display advertising. Trade is further analysed into three classes: Retailer, Home Trader and Other.

Progress
Revenue increased by 10% driven by a 10% increase in trade revenue; growth in both volume and yield in consumer services and display advertising revenue. Refer to the Financial review for further detail on each revenue stream.

Risks
1 2 3 4 5 6

Underlying operating profit
£m

+19%



Operating priorities

1 2 3 4 5 6

Definition
Underlying operating profit is operating profit before management incentive plans, share-based payments and associated NI, exceptional items and impairments.

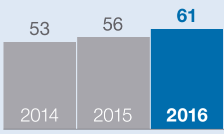
In 2014 Underlying operating profit was calculated less capitalised development spend (excluding expenditure incurred on building the Singleview order to cash billing system).

Progress
Underlying operating profit increased by 19% reflecting the Group's revenue growth and close cost control.

Risks
1 2 3 4 5 6

Underlying operating profit margin
%

+5% pts



Operating priorities

1 2 3 4 5 6

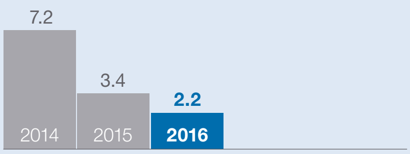
Definition
Underlying operating profit margin is Underlying operating profit as a percentage of revenue.

Progress
The Group's focus on operating efficiency and cost control resulted in a 5 percentage points increase in underlying operating profit margin to 61%.

Risks
1 2 3 4 5 6

Leverage
Times (x)

(1.2x)



Operating priorities

1 2 3 4 5 6

Definition
Leverage is net external debt (gross indebtedness, not including shareholder loan notes, less cash and cash equivalents) as a multiple of Adjusted underlying EBITDA[1].

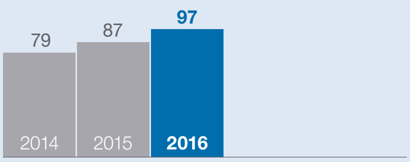
Progress
Due to the Group's operating cash flow generation combined with reduced interest charges, £147m of the Group's term loan was repaid, which resulted in leverage decreasing to 2.2x as at 27 March 2016.

Risks
1 2 3 4 5 6

1 Adjusted underlying EBITDA is earnings before interest, tax, depreciation, amortisation, management incentive plans, share-based payments and associated NI, exceptional items and impairments, less capitalised development spend (excluding expenditure incurred on building the Singleview order to cash billing system).

Operating cash conversion
%

+10% pts



Operating priorities

1 2 3 4 5 6

Definition
Operating cash conversion means operating cash flow[2] as a percentage of Adjusted underlying EBITDA[1].

Progress
Operating cash conversion of 97% exceeded expectations as the Group benefited from the improved trading performance and close working capital management.

Risks
1 2 3 4 5 6

2 Operating cash flow is Adjusted underlying EBITDA adjusted for movements in working capital, exceptional items and capital expenditure.

Operating priorities relevant to our KPIs
1. Increase consumer audience, advert views and use of our valuation tools
2. Promote trust and fairness in the marketplace
3. Grow ARPR in a balanced, sustainable way by creating value for our customers
4. Extend the penetration of products outside of our core classified proposition
5. Enhance our relevance and value to manufacturers
6. Operate a simpler, leaner and more data-oriented business

Read more on page 17

Risks relevant to our KPIs
1. Economy, market and business environment
2. Increased competition
3. Brand
4. New or disruptive technologies and changing consumer behaviours
5. IT systems
6. Employee retention

Read more on pages 36 to 37

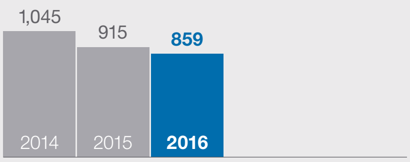
Operating KPIs

We use the metrics below to track our operational performance.

Number of full-time employees (‘FTEs’)

Average number (including contractors)

(6.1%)



Operating priorities

1 2 3 4 5 6

Definition

The measure of an FTE is the number of hours worked to constitute working on a full-time basis. If an employee works on a part-time basis they are taken as the pro-rated decimal in this calculation. Number of FTEs is reported internally each calendar month, which includes contractors, with the full year number being generated from an average of those 12 time periods.

Progress

People are an essential asset and attracting, retaining and developing that talent is at the core of our operational thinking. We also have a consistent drive to operate in a lean and flat structure, which upholds simplicity over complexity and has been the reason behind the 6.1% reduction in 2016 to 859 (including five contractors, 2015: 17 contractors).

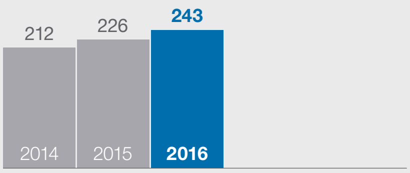
Risks

1 2 3 4 5 6

Advert views

Average number per month (million)

+7.5%



Operating priorities

1 2 3 4 5 6

Definition

Advert views are click-throughs from initial search result pages to see the more detailed specification of the vehicle. Research has shown that a higher level of advert views correlates with a higher number of retailer sales.

Progress

7.5% growth in advert views was good progress against 6.6% in 2015. In the year we delivered 2.9 billion of these virtual inspections, which means there was an average of 93 vehicles per second being viewed through an advert view.

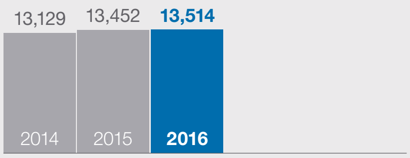
Risks

1 2 3 4 5 6

Number of retailer forecourts

Average number per month

+0.5%



Operating priorities

1 2 3 4 5 6

Definition

The average number per month of retailer forecourts that are advertising vehicles on the Auto Trader marketplace over the financial year.

Progress

We expected marginal growth in 2016 and that was largely what we saw with 0.5% year-on-year uplift. Whilst barriers to entry have come down with the evolving online consumer journey, we have seen where customers have struggled because of that evolution. There has also been higher levels of consolidation of ownership in the franchise segment than seen in the previous three to four years, although the impact so far on forecourts has been negligible. It is worth noting that the 2.5% growth seen in 2015 was disproportionate as the previous method for billing made it advantageous for customers to combine sites to receive a discount, which was unwound in 2015.

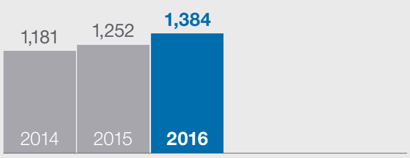
Risks

1 2 3 4 5 6

Average Revenue per Retailer ('ARPR')

£ per month

+10.5%



Operating priorities

1 2 3 4 5 6

Definition

Average Revenue per Retailer ('ARPR') is the average monthly revenue generated from retailer forecourts divided by the average number of retailer forecourts in the month.

Progress

On the back of the added value we have driven to our retailers, we have surpassed expectations in terms of ARPR growth which was a key determinant in overall revenue performance. This added value was reflected in more advert views, more consumer visits and greater consumer engagement, which also helped us deliver our rate changes in a more effective way. We implemented some changes internally that helped improve trust and transparency in the market and changed how we work with our customers that had a positive impact on ARPR. In conjunction with our messaging about the importance of having a strong online presence, 2016 also saw a good underlying market that helped support healthy levels of stock.

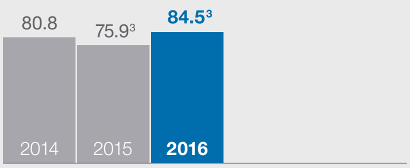
Risks

1 2 3 4 5 6

Cross platform minutes

Share of automotive classified minutes taken in March

+8.6%



Operating priorities

1 2 3 4 5 6

Definition

Share of cross platform average minutes spent on automotive classified sites. For all three years the comparison includes Motors.co.uk, RACcars.co.uk, ebay Motors UK, Gumtree.com motors, Vcars.co.uk, Exchangeandmart.co.uk, Trusteddealers.co.uk and Pistonheads.com.

Progress

This year we have widened the competitor set so that it includes editorial and research sites[3], which is an area we're developing. The 2015 comparative has been restated, however as data was not available for 2014, this figure has not been restated. Due to this change, we saw a drop in 2015 but have since seen our share grow and maintained our goal of exceeding 80% of that share.

Risks

1 2 3 4 5 6

3 In March 2016 we widened the competitor set to also include Autoexpress.co.uk, TopGear.com, Parkers.co.uk, Whatcar.com, Carwow.co.uk and cargurus.co.uk. The data is just taken for the month of March in the three years presented above. Data is provided by a third-party, comScore MMX.

Operating priorities relevant to our KPIs

1. Increase consumer audience, advert views and use of our valuation tools
2. Promote trust and fairness in the marketplace
3. Grow ARPR in a balanced, sustainable way by creating value for our customers
4. Extend the penetration of products outside of our core classified proposition
5. Enhance our relevance and value to manufacturers
6. Operate a simpler, leaner and more data-oriented business

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Risks relevant to our KPIs

1. Economy, market and business environment
2. Increased competition
3. Brand
4. New or disruptive technologies and changing consumer behaviours
5. IT systems
6. Employee retention

Read more on pages 36 to 37

"2016 saw another year of growth in cash generation with operating cash flows from continuing operations 30% higher at £177.0m."

Sean Glithero
Finance Director

£177.0m
Operating cash flows
(2015: £135.8m)

£135.3m
Reduction in net external debt to £392.6m
(2015: reduction of £449.9m to £527.9m)

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Revenue

In 2016, revenue grew by 10% to £281.6m (2015: £255.9m). Growth in Retailer revenue was the main contributor to overall growth aided by continued improvement in Display advertising revenue.

	2016 £m	2015 £m	Change
Retailer	**224.5**	202.1	11%
Home Trader	**11.5**	10.3	12%
Other	**0.4**	2.4	(83%)
Trade	**236.4**	214.8	10%
Consumer services	**30.3**	29.0	4%
Display advertising	**14.9**	12.1	23%
Total	**281.6**	255.9	10%

Trade revenue increased by 10% to £236.4m (2015: £214.8m) with Retailer revenue growing by 11% year-on-year to £224.5m (2015: £202.1m). Revenue generated from the Selling Pillar of classified advertising products increased 11% to £200.0m (2015: £180.1m) representing 89% of total retailer revenue (2015: 89%).

The majority of revenue growth was achieved through an improvement in monthly ARPR which rose 10.5% to £1,384 (2015: £1,252). Next year high single digit growth in ARPR is expected.

Whilst the average number of retailer forecourts per month was similar to last year at 13,514 (2015: 13,452), we have strengthened our position with franchise groups whilst consolidating the gains made in the previous year in our independent retailer customer base. This has been achieved against a backdrop of consolidation of ownership in the industry and therefore we expect retailer forecourts to remain stable again next year.

The £132 increase in monthly ARPR was achieved from all four of Auto Trader's growth drivers: stock, price, cross sell and up-sell.

Across all vehicle segments the increase in paid-for stock listings accounted for 44% of the ARPR increase, with the average number of listings of vehicles on autotrader.co.uk increasing year-on-year due to continued buoyancy in the automotive market, retailers increasingly recognising the value of advertising all of their vehicles on our marketplace and operational improvements to help retailers list their stock of vehicles more easily. The implementation of a new billing system and a focus on rate harmonisation also helped to remove past allowances and discounts between paid-for and listed units of stock.

Price increases accounted for 31% of the growth in ARPR as we implemented rate changes linked to the value provided as well as continued harmonisation of rates to address legacy arrangements and anomalies.

Cross sell of retailing solutions products contributed £15 to ARPR growth, diluted slightly by the decision to terminate a number of low margin products where we acted as a reseller. Cross sell growth of 11% was mainly driven by continued increases in the number of retailer forecourts that are using our data products, now around 1,900 retailer forecourts (2015: around 1,100).

Home Trader revenue increased 12% to £11.5m (2015: £10.3m) underpinned by a buoyant market and launches of a number of new, higher yielding packages which resulted in both increased volumes and yield. Other revenue fell £2.0m with the closure of our manufacturer website business, 2nd Byte, in June 2015.

Consumer services revenues increased 4% to £30.3m (2015: £29.0m). Private revenue grew faster than in previous years despite an increasingly competitive market, growing 4% to £23.3m (2015: £22.5m). Whilst we benefited from a greater proportion of our customers opting to take higher yielding premium packages to increase the prominence of their advert, we also saw strong volumes, particularly in the second half of the year. Increased audience growth enabled us to deliver more leads to our partners resulting in an 8% growth in motoring services revenue to £7.0m (2015: £6.5m). Overall we anticipate consumer services revenue will continue to grow moderately.

Display advertising revenue increased by 23% to £14.9m (2015: £12.1m). An increase in average yield resulted from a greater demand for premium and bespoke products, with manufacturers and their agencies recognising the value in reaching our audience. Homepage takeovers increased in volume by over 75% in the year. Premium products accounted for 69% of revenue, up 3 percentage points on the previous year. Looking ahead to the opportunities the Group has in this area, the expectation is for continued revenue growth at recent levels.

Underlying operating profit

Underlying operating profit increased by 19% to £171.3m (2015: £144.1m) with Underlying operating profit margin improving by 5 percentage points to 61% (2015: 56%).

The Group reports non-underlying items in the income statement to highlight the impact of one-off and other discrete items and to allow better interpretation of the underlying performance of the business. These include exceptional items, IFRS 2 charges in respect of share-based payments (and associated NI) and costs related to management incentive schemes linked to the previous private ownership of the Group.

In order to provide comparability of results from period to period, and with listed peer companies, the Directors consider Underlying operating profit to be the most appropriate indicator of the performance of the business.

Adjusted underlying EBITDA was previously used to reflect the underlying performance of the business as it reflected both the impact of non-underlying items and the change in approach to technology development implemented in September 2013. This resulted in less of the Group's expenditure on internal development salaries meeting the requirements for capitalisation. As this approach to technology development has been consistent in both the current and prior periods, there is no need to make an adjustment for the change in approach to technology development. Adjusted underlying EBITDA continues to be used to calculate two of the Group's key performance indicators: cash conversion and leverage; the former in order to be consistent with past reporting and the latter to match the definition of leverage in the Group's Senior Facilities Agreement.

In its first full year as a listed company, the Group has implemented a Share Incentive Plan ('SIP'), its first Sharesave plan ('SAYE') and a Performance Share Plan ('PSP'). As the Directors intend to implement additional PSP schemes in the future, the share-based payment charge is likely to increase year-on-year until a steady state of three PSP schemes is reached. Therefore, the Directors consider it appropriate to make an adjustment for IFRS 2 charges and the associated national insurance costs until the steady state is reached, most likely in 2018.

Management incentive plans and share-based payment schemes implemented under the previous private ownership have been disclosed as non-underlying in the prior year.

The table below provides a reconciliation from operating profit to Underlying operating profit and to Adjusted underlying EBITDA.

	2016 £m	2015 £m
Operating profit	**169.6**	133.1
Share-based payments and associated NI	**2.5**	3.7
Management incentive plans	**–**	1.9
Exceptional items	**(0.8)**	5.4
Underlying operating profit	**171.3**	144.1
Depreciation and amortisation	**10.6**	12.5
Adjusted underlying EBITDA	**181.9**	156.6

Underlying administrative expenses (defined as administrative expenses before share-based payments and associated national insurance, management incentive plans and exceptional items) reduced by 1% to £110.3m (2015: £111.8m) as the business continues to realise operating efficiencies.

People costs comprise staff costs of £51.1m (2015: £50.3m) and third-party contractor costs of £0.4m (2015: £1.4m). Redundancy and staff related restructuring costs are also included in people costs, other than those classified as exceptional items. Overall, people costs decreased by £0.2m to £51.5m (2015: £51.7m) with the full year effect of the office centralisation project leading to a 6% decrease in average FTEs (including contractors) to 859. Further large scale restructuring is not expected in the foreseeable future so changes in FTE levels will be more organic and steady rather than the step changes we have seen in the past. The decrease in people costs resulting from reduced FTE levels was offset in part by an increase in the average cost per FTE as we continue to recognise the importance of attracting and retaining high calibre employees who are fluent in digital.

Targeted marketing campaigns together with a shift towards product advertising contributed to audience growth in the year with cross platform visits up 3% to 47.9m supported by marketing spend 2% higher. However, spend as a proportion of revenue fell in the year to 5.6% (2015: 6.0%).

Depreciation and amortisation decreased by 15% to £10.6m (2015: £12.5m) as past development costs became fully amortised in the year.

With our cost base well under control and further reduction in depreciation and amortisation, we expect total underlying administrative expenses to continue to decline modestly next year and our Underlying operating profit margin to improve further.

Share-based payments

The Group has implemented a number of share schemes during the year and, in accordance with IFRS 2, has recognised a non-cash charge of £2.3m. National insurance costs of £0.2m have been accrued, where applicable, on the potential employee gains on share-based incentives granted.

In April 2015, all eligible employees were offered free shares under the SIP, valued at £3,600 each at the time of the award, and the Company also implemented a SAYE scheme for the benefit of Group employees with the grant made in September 2015. In June 2015, the Executive Directors and a number of senior management were granted nil cost options under the PSP.

The implementation of additional PSP schemes in the future, combined with implementation of the SAYE scheme only part way through 2016, means that the charge for share-based payments is likely to at least double in financial year 2017.

Exceptional items

In the previous year, the Group centralised into two offices and made provisions for future lease and dilapidation costs for a number of offices which were vacated. Following an initiative to exit these properties early, and to secure cash discounts where possible, the Group has successfully ended its commitment on seven properties in the period at a cost below that originally anticipated. As a result, an exceptional credit of £0.8 million has been recognised in the income statement following the release of provisions no longer required.

Profit before tax

Profit before tax increased to £155.0m (2015: £10.9m) reflecting the reported Operating profit performance whilst net finance costs decreased by £107.6m to £14.6m (2015: £122.2m). The substantial reduction in finance costs was the result of non-recurrence of a significant exceptional item and the change in capital structure in the previous year that allowed the Group to operate with a lower level of less expensive debt.

Taxation

The Group tax charge of £28.3m represents an effective tax rate of 18% (2015: 22%) which is lower than the average standard UK rate of 20% (2015: 21%). The principal reason for the difference was the release of a £2.0m historic current tax provision that is no longer required.

Earnings per share

Basic earnings per share from continuing operations was 12.67 pence (2015: 0.85 pence).

Adjusted basic earnings per share from continuing operations increased to 12.86 pence (2015: 4.12 pence). The table below shows the effect on the Group's earnings from continuing operations of share-based payments and associated NI, management incentive plans and exceptional items.

Continuing operations	2016 £m	2015 £m
Profit from continuing operations	**126.7**	8.5
Share-based payments and associated NI	**2.5**	3.7
Management incentive plans	**–**	1.9
Exceptional items	**(0.8)**	5.4
Exceptional finance cost	**–**	29.4
Tax effect	**0.2**	(7.7)
Total adjusted profit from continuing operations	**128.6**	41.2
Weighted average number of ordinary shares in issue (assumed to be shares in issue at 29 March 2015 year end for the comparative period) (millions)	**1,000**	1,000
Adjusted earnings per share from continuing operations	**12.86p**	4.12p

Cash flow and net external debt

2016 saw another year of growth in cash generation with operating cash flows from continuing operations 30% higher at £177.0m (2015: £135.8m), resulting in cash conversion of 97% (2015: 87%).

	2016 £m	2015 £m
Underlying operating profit	**171.3**	144.1
Depreciation and amortisation	**10.6**	12.5
Adjusted underlying EBITDA	**181.9**	156.6
Movement in working capital	**2.5**	(1.9)
Exceptional items (excluding IPO costs)	**(4.3)**	(9.8)
Continuing capital expenditure	**(3.1)**	(9.1)
Operating cash flow from continuing operations	**177.0**	135.8
Operating cash conversion	**97%**	87%

Exceptional cash outflows (excluding IPO costs) decreased by £5.5m to £4.3m (2015: £9.8m) as the restructuring and office centralisation project started in prior years were concluded. Investment in capital expenditure decreased by £6.0m to £3.1m (2015: £9.1m), as 2015 required £6.1m of fit-out costs for the new properties in Manchester and London.

Net external debt decreased in the year to £392.6m (2015: £527.9m) whilst our leverage ratio of net external debt to Adjusted underlying EBITDA decreased significantly to 2.2x, due to operating performance, improvement in cash conversion and reduced interest costs, offset by higher tax payable. During the year £147m of debt repayments were made using excess cash in order to reduce indebtedness and the cost of servicing debt.

Capital structure and dividends

On 29 July 2015, the Company completed a reduction of capital, whereby the entire amount outstanding on the Company's share premium account was cancelled and the nominal value of each issued ordinary share in the capital of the Company was reduced from £1.50 to £0.01. The capital reduction created significant distributable reserves that are available for future dividends and returns to shareholders.

In line with the previously stated policy, the Directors are recommending a final dividend for the year of 1.0 pence per ordinary share, which together with the interim dividend makes a total dividend of 1.5 pence per share, amounting to £15.0m. Subject to shareholders' approval at the Annual General Meeting ('AGM') on 22 September 2016, the final dividend will be paid on 30 September 2016 to shareholders on the register of members at the close of business on 2 September 2016.

Since the end of the year, the Group has achieved net external debt leverage of circa 2.0x and so, in line with previous guidance, we expect to increase the future total annual dividend to circa 1/3 of net income. The Group will continue to invest in the business but given that our strategy is focused on organic growth, the Board's intention is to use the majority of surplus cash, after taking account of dividends, to fund a rolling programme of share buy-backs, starting imminently. The expectation is that some surplus cash will be used to further reduce indebtedness.

At the 2015 AGM, the Company's shareholders generally authorised the Company to make market purchases of up to 100,105,169 of its ordinary shares, subject to minimum and maximum price restrictions. This authority will expire at the conclusion of the 2016 AGM and the Directors intend to seek a similar general authority from shareholders at the 2016 AGM. The programme will be ongoing and any purchases of its shares made by the Company under the programme will be effected in accordance with the Company's general authority to repurchase shares and Chapter 12 of the UKLA Listing Rules.

Sean Glithero
Finance Director
9 June 2016

Understanding and managing our principal risks and uncertainties

We recognise that effective risk management is critical to enable us to meet our strategic objectives and to achieve sustainable long-term growth.

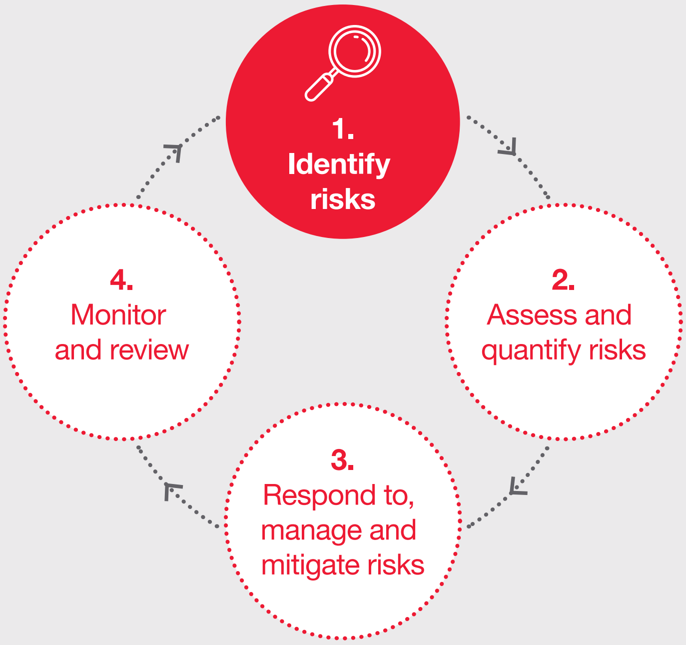
The Board has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The Group risk register was reviewed by the Board, including an assessment of the likelihood and impact of each risk and the mitigating actions being taken. Risk levels were modified to reflect the current view of the relative significance of each risk. Recognising the value that our people bring to the business, the risks associated with the retention of employees was elevated this year.

The principal risks and uncertainties identified are detailed on pages 36 to 37.

Risk management process

We recognise that effective risk management is critical to enable us to meet our strategic objectives and to achieve sustainable long-term growth. The Board's role is to consider whether, given the risk appetite of the Group, the level of risk is acceptable within its strategy. A four-step process has been adopted to identify, monitor and manage the risks to which the Group is exposed:



1. Identify risks
A top-down and bottom-up approach is used to identify principal risks across the business. Whilst the Board has overall responsibility for making sure that internal control and risk management are effective, the detailed work is delegated to the Operational Leadership Team ('OLT').

2. Assess and quantify risks
Risks and controls are analysed and evaluated to establish the root causes, financial impact and likelihood of occurrence. The Group categorises risks into six areas:

- Economy, market and business environment.
- Financial and compliance risk.
- Asset risk.
- Operational risk.
- Competitive risk.
- Product specific risk.

3. Respond to, manage and mitigate risks
The effectiveness and adequacy of controls in place is assessed. If additional controls are required to mitigate identified risks then these are implemented and responsibilities assigned.

4. Monitor and review
The OLT is responsible for monitoring progress against principal risks in a continual process. They are assisted by the Group's internal audit programme in conjunction with Deloitte.

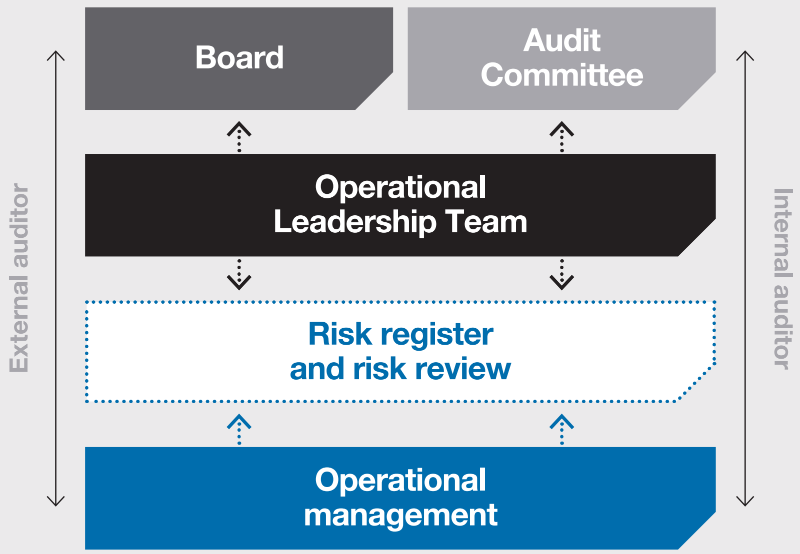
The Board reviews the Group's risk register and assesses the adequacy of the principal risks identified and the mitigating controls and procedures adopted.

Read more

Principal risks and uncertainties	36
Corporate governance statement	48
Report of the Audit Committee	54

Our framework

Risks are highlighted through a number of different reviews and culminate in a risk register, which identifies the risk area, the likelihood of the risk occurring, the impact if it does occur and the actions being taken to manage the risk to the desired level.



Risk governance and responsibilities

The Board's responsibilities	– Overall responsibility for risk management.
The Audit Committee's responsibilities	– Assess the scope and effectiveness of risk management processes and internal control systems.
Operational Leadership Team responsibilities	– Identify, assess, monitor, manage and mitigate risks and exploit opportunities; – Ensure appropriate internal controls are in place; – Ensure the risk register is properly maintained; and – Embed risk management as business as usual.
Operational management and internal controls	– Embed and manage internal controls and risk management day to day as part of business as usual.
Oversight functions and internal audit	– Aid in setting appropriate policies, provide guidance, advice and direction on implementation of those policies and monitor the first line of defence.
Additional line of defence	– External auditor.

Viability statement

In accordance with Provision C.2.2 of the 2014 UK Corporate Governance Code, the Board has assessed the prospects and viability of the Group.

Assessment of prospects

Auto Trader is the UK's leading digital automotive marketplace and it is the Group's clear focus to maintain this position by relentlessly focusing on improving the process of buying and selling vehicles. During the year ended 27 March 2016 the Group generated a profit before tax of £155.0m and was highly cash generative with operating cash flow from continuing operations amounting to £177.0m. Taking into account the Group's current position and its principal risks and uncertainties as described on pages 36 to 37, the Directors have assessed the Group's prospects and viability.

The strategy and business model as set out on pages 17 to 19 are central to an understanding of its prospects. These factors provide a framework for the rolling three-year plan which is developed as part of the annual budget process and reviewed by the Board to assess the Group's prospects.

The three-year timeframe for assessing both prospects and viability is considered to be appropriate due to the following:

- it is consistent with the Group's rolling three-year strategic planning process;
- projections looking out further than three years become significantly less meaningful in the context of the fast moving nature of the market; and
- it reflects reasonable expectations in terms of the reliability and accuracy of operational forecasting models.

The Group's prospects are assessed primarily through its strategic planning process. This process includes an annual review of the ongoing plan, led by the CEO through the Operational Leadership Team and all relevant functions are involved. The Board participates fully in the annual process and has the task of considering whether the plan continues to take appropriate account of the external environment including technological, social and macroeconomic changes.

The output of the annual review process is a set of operational priorities, an analysis of the risks that could prevent the plan being delivered, and the annual financial budget.

Detailed financial forecasts that consider profit, cash flow, funding arrangements and key financial ratios have been prepared for the three-year period to March 2019. The first year of the financial forecasts form the Group's 2017 budget and is subject to a re-forecast process at the half-year. The second and third years are prepared in detail, and are flexed based on the actual results in year one.

Assessment of viability

The Board's assessment of the Group's prospects, as described above, has been made with reference to current market conditions and known risk factors. The principal risks and uncertainties facing the Group are outlined on pages 36 to 37.

Given the Group's financial performance in 2016 and over recent years, the Board considers that the key factor which would prejudice the delivery of the Group's financial objectives is a severe weakening of Auto Trader's marketplace proposition and its leading market position. This could be caused by a loss of audience which results in a reduction in retailers and the level of stock listed on the marketplace or by a reduction in the number of retailers and stock which could then result in a loss of audience.

Using the current strategic plan as a base case, alternative forecasts have been produced to model the effect on the Group's liquidity and solvency of very severe combinations of the principal risks and uncertainties affecting the business.

The viability model assumed a rapid deterioration in stock and audience over a short period of time. The number of customer retailer forecourts and the ARPR generated were significantly degraded in the model, but expenditure in the areas of marketing, payroll and technology were held steady. Revenue and profitability are clearly affected in this scenario, but the business remains cash generative.

Based on their assessment of prospects and viability above, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period ending March 2019.

Going concern

The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the Basis of preparation paragraph in note 1 to the financial statements.

Identify, evaluate and manage risks facing the Group

The principal risks and uncertainties which are considered to have a potentially material impact on the Group's long-term performance and achievement of strategy are set out in the following table. External and internal risk factors have been considered.

Additional risks and uncertainties to the Group, including those that are not currently known or that the Group currently deems immaterial, may individually or cumulatively also have a material effect on the Group's business, results of operations and/or financial condition.

Principal risk	Description
Macroeconomic risks	
1. Economy, market and business environment	If the UK car market contracts this could result in a reduction in new and used car transactions which could result in a reduction in the number of retailers or reduce retailers' desire to advertise their vehicles in the marketplace. In addition, a contraction in the UK car market could reduce manufacturers' spend on advertising on the marketplace.
Competitive risks	
2. Increased competition	Increased competition could impact the Group's ability to grow revenue due to the potential loss of audience, trade and consumer advertisers, or demand for additional services.
3. Brand	Failure to maintain and protect the brand or negative publicity surrounding the Group's products or services could impede the Group's ability to retain or expand its base of retailers, consumers and advertisers or could diminish confidence in and the use of the Group's services.
4. New or disruptive technologies and changing consumer behaviours	Failure to innovate and develop new technologies or products, to execute product launches and improvements or to adapt to changing consumer behaviour towards car buying or ownership could lead to the Group's business being adversely impacted.
Operational risks	
5. IT systems	Failure in one system as a result of malicious attack, our own failures or those of third-party suppliers, could disrupt others and could impact the availability or performance of Group platforms and could cause reputational damage with consumers and/or customers.
6. Employee retention	Our continued success and growth is dependent on our ability to attract, recruit, retain and motivate our highly skilled workforce. Failure to do so could result in the loss of key talent.

Operating priorities relevant to our risks

1. Increase consumer audience, advert views and use of our valuation tools
2. Promote trust and fairness in the marketplace
3. Grow ARPR in a balanced, sustainable way by creating value for our customers
4. Extend the penetration of products outside of our core classified proposition
5. Enhance our relevance and value to manufacturers
6. Operate a simpler, leaner and more data-oriented business

Read more on page 17

Key mitigations	Operating priorities	Change
• Regular review of market conditions • Resilient business model	1, 3	↗
• Demonstration of value to customers • Regular review of audience data • Maintain investment in products and in marketing campaigns • Resilient business model	1, 3, 4	↗
• Maintain investment in marketing campaigns • Clear and open culture	1, 2, 3, 4, 5	–
• Monitor audience figures and consumer functionality relative to competitors • Continuous investment in technology • Focus on retaining key developers and attracting new talent	1, 3, 4, 5	↗
• Adherence to strict industry standards • Internal team focused on mitigating security threat • Maintenance of a business continuity plan	1, 2, 3, 4, 5, 6	–
• Long-term incentive plans for key senior staff • Active succession planning and career development plans • Employee engagement surveys	4, 5, 6	↗

Making a difference

Our culture is shaped by our values of: determination, reliability, curiosity, inspiration and humility. Throughout the organisation, these values manifest themselves in our fast-paced and highly customer-orientated approach, and in our commitment to being an exciting, innovative and digital-led company.

Overview

Across the business, we are led by a sense of purpose and a set of principles that foster an environment of trust, within which challenge and debate are encouraged and talent is recognised and nurtured. People are the Group's most valuable resource and the success of the Group is to the credit of all its employees; this helps drive one of our strategic priorities of building a digital culture that is values-driven, customer-focused and data-oriented.

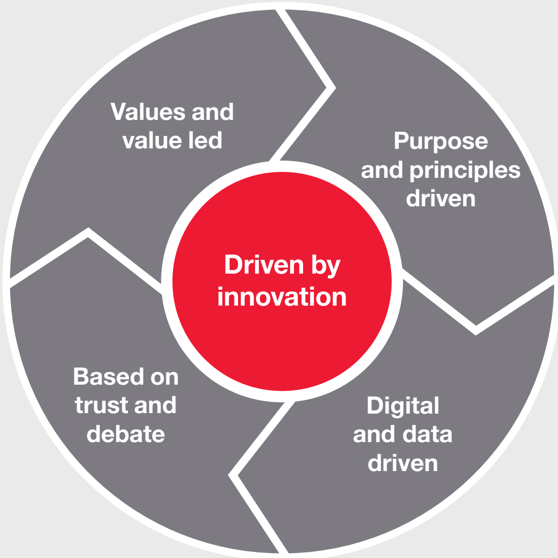
Corporate social responsibility ('CSR') at Auto Trader is driven by our values and culture and is focused on making a difference. It comprises employee engagement, people development, health and safety, environmental impact, sustainability and energy efficient operations.

Auto Trader is a responsible employer and we are keen to give back to the local communities in which we operate, as well as supporting charities and causes that are close to our employees' hearts.

The ways in which we wish to make a difference in our community are focused on four areas: employees' individual charitable efforts, customer charitable causes, local charitable support and community engagement through education and business mentoring. Auto Trader views these responsibilities as things that should be embedded in how we operate our business on a daily basis.

Our culture

We have fostered a fast-paced culture that has innovation at its heart, driven by a committed leadership team that combines both digital experience with a long average tenure at the Group.



Our values

By adhering to the Group's core values, we believe we are making a positive impact not only on our consumer audience and customers, but also on our employees and the communities in which they work and live.

Be determined

We got where we are today by being determined. And that's how we'll continue to succeed.

Be inspirational

With nearly 40 years of experience, Auto Trader is a trusted industry voice. We use that voice wisely.

Be reliable

Our customers depend on us, so we must always be there with useful services that work effortlessly.

Be humble

We need our customers more than they need us. Everything we do, we should do to help them.

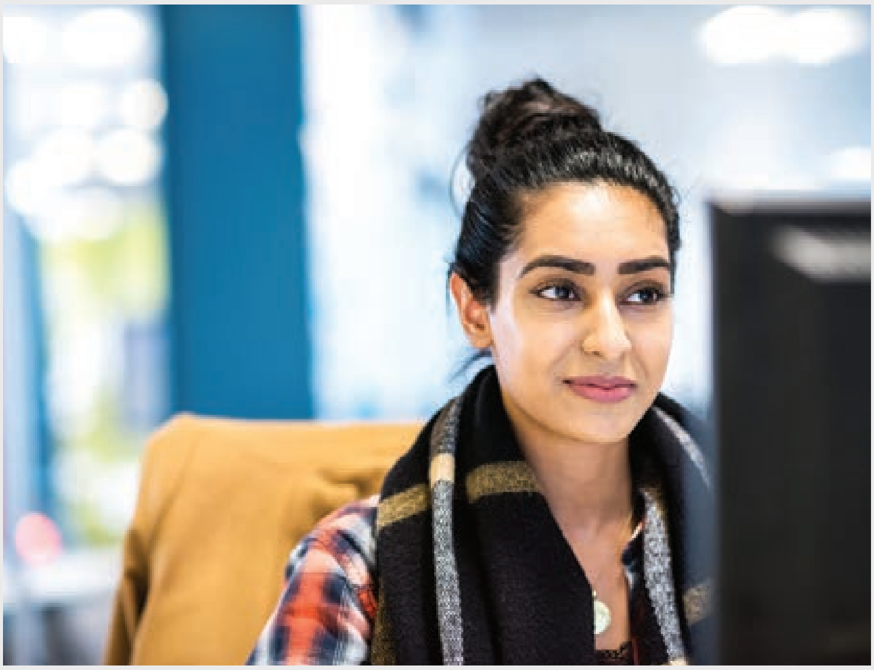
Be curious

Asking questions and trying things out is the best way to stay ahead of changes in the digital world.

Gender diversity

As at 27 March 2016	Male	Female	Total
All employees	546	301	**847**
Senior managers (being the members of the Operational Leadership Team)	9	5	**14**
Directors of Auto Trader Group plc	4	2	**6**

Employee engagement and rewards



79%

Employee engagement

Figure calculated via Culture Amp. Engagement is defined as 'The level of connection, motivation and commitment a person feels for the place they work'.

To help us achieve our mission of leading the future of the digital automotive marketplace, we have built a fast-paced culture that has innovation at its heart and is based around a strong set of core values. Our teams are focused on continually developing our site to ensure consumers get a great user experience as well as developing innovative products that will add value to our retailers.

We value our people and their opinions. We organise an annual Employee Conference and hold regular business updates throughout the year to update employees on the Group's performance and operating priorities as well as giving them an opportunity to ask questions.

Following the all-employee share incentive plan ('SIP') launched after our stock market flotation, a share save scheme ('SAYE') for the benefit of Group employees was implemented which not only recognises and rewards employees, but also promotes a culture of shared ownership.

This year the Company launched "Incredible Benefits", a new way for employees to access all the benefits offered at Auto Trader in one place, enabling them to tailor their benefits package to meet their own specific needs. As well as our Company funded benefits, we offer a wide range of voluntary benefits, including childcare vouchers, health cash plan and critical illness insurance, that are proving popular amongst our employees.

In recognition of our commitment to rewarding our employees, Auto Trader was voted number 13 in the UK for pay and benefits by Glassdoor, the UK's fastest growing jobs and recruitment platform. The Group continues to focus on its highly engaged workforce, and on attracting and retaining the most talented individuals in the market. As part of the Group's shift to a digital culture, the Group has not only been able to reduce its headcount (March 2016: 847 vs March 2015: 876) but also retain a more technology and ideas-focused team.

People development and training

Auto Trader is committed to investing in its employees through extensive training and leadership programmes that are designed to equip all employees with the necessary skills to help them perform to the best of their ability as well as to foster a culture of highly engaged employees committed to achieving the Group's mission.

We continue to deliver our three-day induction programme for all new starters that allows them to understand the core values of our business and help achieve a one team culture at Auto Trader. We have launched a "Learning Hub" which supports our people in driving their own development through a wide range of learning opportunities using masterclasses, bitesize sessions and online learning.

The Graduate, The Practical People Leader and Leadership Development Programme operate throughout the year including external away days that allow participants to fully appreciate and utilise each other's strengths and capabilities no matter where they operate in the business.

Human rights and inclusion

Human rights policy: living our values

At Auto Trader we aspire to be the UK's most admired digital business and we want that admiration to come from employees, suppliers and customers alike. Being admired is not an end in itself. But it matters because the only way to deliver the best services for our customers – and do the right things by our people – is to approach things in the right way.

Whether you're in the workplace or away from the office on company business we all must behave professionally, ethically and legally, treating people with decency and respect.

Equal opportunities

The Group is committed to treating all of its employees and job applicants fairly and equally. It is our policy not to discriminate on the basis of their gender, sexual orientation, marital or civil partner status, gender reassignment, race, religion or belief, colour, nationality, ethnic or national origin, disability or age, pregnancy or trade union membership or the fact that they are a part-time worker or a fixed-term employee. The equal opportunities policy operated by the Group ensures all workers have a duty to act in accordance with this.

Employees with disabilities

We welcome all applications for employment made by individuals with disabilities. Our dedicated Auto Trader Resourcing team will make reasonable adjustments in the recruitment process according to the needs of each individual to ensure that they can perform their best during the assessment stage.

We are also taking part in the "Change 100" internship programme organised by Leonard Cheshire Disability offering one talented student with a disability a summer placement in our Manchester head office.

We are dedicated to supporting employees that become disabled during their employment with us. We recognise that each individual is unique and we provide support and make reasonable adjustments to ensure they continue realising their full potential at work.

We continue to offer training, career development and promotion opportunities by taking appropriate action related to the needs of the individuals to allow them to continue to have a fulfilling career with us.

Making a difference in the community

Each year we assign a fundraising budget which allows employees the opportunity to request funds for causes that are close to their hearts. This allows us to help a wide range of organisations and offers employees a variety of ways to get involved.

Donations from Auto Trader directly to charities totalled £44,000 last year and our employees raised additional funds with fundraising activities across the year.

However, being a good corporate citizen is not just about fundraising; our community involvement policy supports employees who wish to work with communities across the UK, either as private individuals or as employees of Auto Trader. Our community sponsorship programme provides employees with a bursary to support local initiatives or clubs that they are involved with. It can be not only about making a monetary donation but also about offering our time and expertise whilst maximising the take-up of volunteering days, one of our Incredible Benefits.

We have formed a strategic partnership with Forever Manchester which will help us to make a difference in the communities in which we operate. The 2016 Auto Trader Community Fund will offer sponsorship of up to £1,000 to many local charities and community groups aimed at really making a difference in the lives of people across the region.

Leading up to Christmas last year approximately one hundred elderly visitors from local community centres near the Manchester and London offices joined us to share a Christmas dinner and festive entertainment with some of our employees.

During the last year we have also supported or sponsored Code Club in two schools in Greater Manchester, teaching young students how to code. We have also been a corporate partner for HOME, the largest art centre outside London, and the Manchester International Festival, the world's first festival of original, new work and special events.

Christmas lunch at the London office for the St Pancras Community Association

We have formed a strategic partnership with Forever Manchester which will help us to make a difference in the communities in which we operate.

Health and safety

We are committed to maintaining a safe workplace for our employees, customers, visitors, contractors and anyone affected by our business activities. It is therefore our policy that all of the Group's facilities, products and services comply with applicable laws and regulations governing safety and quality.

During the year there were no major injuries reported under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations.

Environment

We are mindful of the effects of our business on our environment and continue to support energy efficiency throughout our business activities. As an internet-based Group with most staff employed in two office locations, we believe our own environmental footprint is small. We encourage our employees to take steps to address our environmental responsibilities. For instance we operate recycling schemes which were established with local authorities and recycling partners. There are no waste bins at desks in our offices which encourages the amount of recycling we do.

1,297

trees planted by Fruitful Office on Auto Trader's behalf

Both offices are graded highly by the BREEAM standard, specifically the Kings Cross office is rated 'Outstanding' and the Manchester office is rated 'Excellent'. The Kings Cross office is linked to the site-wide district heating network. This network will provide close to 100% of the development's heating and hot water needs. The building has been designed to maximise the environmental benefits of its location. Orientation, solar shading, the use of thermal mass for cooling and passive ventilation systems all contribute to energy efficiency.

We use Fruitful Office to deliver fruit to both offices each week. For every fruit basket our employees receive, the Fruitful Office plants a fruit tree in Malawi to help mitigate the effect of global warming, deforestation and providing an income to support the local communities. This year, the scheme has planted 1,297 trees on Auto Trader's behalf.

Greenhouse gas emissions statement

Auto Trader is required to measure and report its direct and indirect greenhouse gas ('GHG') emissions by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The greenhouse gas reporting period is aligned to the financial reporting year. The methodology used to calculate our emissions is based on the financial consolidation approach, as defined in the Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition) 2004. Emission factors used are from UK government ('DEFRA') conversion factor guidance current for the year reported.

The report includes the 'Scope 1' (combustion of fuel) and 'Scope 2' (purchased electricity and gas) emissions associated with our offices. We have chosen to present a revenue intensity ratio as this is a relevant indicator of our growth and is aligned with our business strategy. The reduction in tCO_2 is due to the centralisation of our offices part way through 2015.

	2016	2015
Absolute carbon emissions (tCO_2)	**445**	793
Revenue (£m)	**281.6**	255.9
Carbon intensity[1]	**1.6**	3.1
Year-on-year change	**-49%**	

1 Absolute carbon emissions divided by revenue in millions.

The Company's Strategic report is set out on pages 2 to 43. Approved by the Board on 9 June 2016 and signed on its behalf by:

Sean Glithero
Company Secretary
9 June 2016

Committed to high standards of corporate governance

Dear shareholders,

I am pleased to introduce our corporate governance report for 2016, which includes a review of the corporate governance arrangements in place, and reports from each of our Board Committees.

Compliance with Corporate Governance Code

I can confirm that the Company is now in full compliance with all provisions of the UK Corporate Governance Code 2014 (the 'Code').

As I reported in 2015, the Company was listed immediately before the end of the last financial year. At that time, the Company did not comply with all of the Code's provisions. We committed to take the necessary steps in order to fully comply within 12 months of joining the FTSE 250 Index, and we have achieved that goal, although we were not in compliance with the provisions surrounding the composition of the Board and its Committees for the whole of the year under review.

Directors

As already outlined in my Chairman's statement on page 4, we appointed three new Independent Non-Executive Directors during the year. There was a rigorous process for the appointments as described in the report of the Nomination Committee on pages 52 to 53. The new Directors bring with them significant financial and commercial experience and I am confident they will support the executive team in their implementation of the Group's strategy.

Following the departure of Tom Hall, Nick Hartman and Chip Perry, our Board is now at the minimum number of Directors required to comply with the Code. We believe that the Board is an appropriate size for the Group, which is relatively lacking in complexity. However, we will keep this under continual review.

All Directors will offer themselves for election or re-election by the shareholders at the forthcoming AGM.

Board evaluation

As well as ensuring that the Board includes the appropriate balance between Executive and Independent Non-Executive Directors, we also recognise the need to be effective as a Board. We carried out a thorough internal evaluation process during the year, which is described on page 51.

External audit tender

The report of the Audit Committee is set out on pages 54 to 59. This includes a detailed description of the formal audit tender process that was carried out by the Committee during the year, leading to our recommendation to shareholders that KPMG LLP should be appointed as auditors at the next AGM, succeeding PwC.

Annual General Meeting

Our Annual General Meeting will be held at 10.00am on 22 September 2016 at 1 Tony Wilson Place, Fourth Floor, Manchester, M15 4FN. We expect that all Directors will be in attendance.

Ed Williams
Chairman
9 June 2016

Board responsibilities

The Board has adopted a formal schedule of matters reserved for its approval and has delegated other specific responsibilities to its Committees. This schedule sets out key aspects of the affairs of the Company which the Board does not delegate. It is reviewed on an annual basis and is available via our website at about-us.autotrader.co.uk/investors.

Board activities in 2016 included:

- Appointment of three new Independent Non-Executive Directors
- Investor relations strategy
- Simplification of the corporate structure
- Approval of dividend policy and capital structure
- Appointment of new auditors
- Approval of strategy, operating priorities and 2017 budget
- Robust review of risks and approval of viability statement
- Internal Board evaluation

Committees of the Board

The Board has delegated authority to its Committees to carry out certain tasks on its behalf, allowing the Board to operate efficiently and to give the right level of attention and consideration to relevant matters. A summary of the terms of reference of each Committee is set out in the table below and the full terms of reference for each Committee are available on the Company's website at about-us.autotrader.co.uk/investors.

	Nomination Committee	Audit Committee	Remuneration Committee
Members	– Ed Williams (Chairman) – David Keens – Jill Easterbrook – Jeni Mundy	– David Keens (Chairman) – Jill Easterbrook – Jeni Mundy	– Jill Easterbrook (Chairman) – David Keens – Jeni Mundy
Role and terms of reference	– Reviews the structure, size and composition of the Board and its Committees. – Makes appropriate recommendations to the Board.	– Reviews and reports to the Board on the Group's financial reporting, internal control, whistleblowing, internal audit and the independence and effectiveness of the external auditors.	– Responsible for all elements of the remuneration of the Executive Directors and the Chairman, and senior employees.
Activities in 2016	– Selection process and recommendation to the Board to appoint three new Non-Executive Directors. – Oversaw the first internal Board evaluation. – Reviewed succession planning for the Board, Executive Directors and the Senior Management team.	– Review of Annual Report and first PLC reporting cycle. – Appointment of internal auditors and approval of risk based programme. – External audit tender process and appointment of new auditors.	– Targets and structure of first PSP awards and bonus scheme targets. – Considering executive pay environment and confirming current remuneration policy. – Design of first Company-wide share schemes ('SIP' and 'SAYE').
	Read more on page 52	Read more on page 54	Read more on page 60

Board of Directors

David Keens
Senior Independent Non-Executive Director

David was appointed as a Non-Executive Director on 1 May 2015. David was previously Group Finance Director of NEXT plc (1991 to 2015) and its Group Treasurer (1986 to 1991). Previous management experience includes nine years in the UK and overseas operations of multinational food manufacturer Nabisco (1977 to 1986) and prior to that seven years in the accountancy profession.

Appointed to Board: May 2015.

Independent: Yes.

External appointments: J Sainsbury plc.

Committee memberships:
Audit (Chairman), Nomination, Remuneration.

Jill Easterbrook
Independent Non-Executive Director

Jill was appointed as a Non-Executive Director to the Board on 1 July 2015. Jill was previously a member of the executive committee at Tesco PLC where she was most recently the Group Business Transformation Director. She joined Tesco in 2001 and held a variety of strategic and operational leadership roles. She has run a number of multichannel businesses within Tesco including UK and ROI Clothing and the Developing Businesses division. Jill started her career at Marks & Spencer in buying and merchandising and also spent time as a management consultant with Cap Gemini Ernst & Young.

Appointed to Board: July 2015.

Independent: Yes.

External appointments: None.

Committee memberships:
Remuneration (Chairman), Nomination, Audit.

Trevor Mather
Chief Executive

Trevor joined Auto Trader as Chief Executive in June 2013. Previously, Trevor was President and CEO of ThoughtWorks, a global IT and software consulting company. Trevor joined ThoughtWorks in 2001, to kick-start the UK branch of the company and then took responsibility for all international operations before becoming CEO in 2007. He helped oversee the business grow from a 300 person North American company to a 2,200 person global business with operations in 29 cities around the world with a particular personal focus on helping businesses become truly digital. Before his time at ThoughtWorks, Trevor spent almost 10 years at Andersen Consulting (now Accenture) focusing on e-business solutions. Trevor holds an MEng in Aeronautics and Astronautics from Southampton University.

Appointed to Board: June 2013.

Independent: N/A.

External appointments: None.

Committee memberships: N/A.

Jeni Mundy
Independent Non-Executive Director

Jeni was appointed as a Non-Executive Director on 1 March 2016. Jeni is the Enterprise Product Management Director for Vodafone Group and is responsible for the strategy, delivery and lifecycle management of the product portfolio worldwide. Jeni started her career as a Radio Engineer with BellSouth in New Zealand and has been with Vodafone since 1998. Her roles have included five years as Chief Technology Officer ('CTO') in New Zealand managing IT and the mobile network, five years as the Vodafone UK CTO and a year leading the Northern Europe Sales team for multi-national customers. Jeni holds an MSc in Electronic Engineering from University of Wales.

Appointed to Board: March 2016.

Independent: Yes.

External appointments: None.

Committee memberships:
Remuneration, Nomination, Audit.

Sean Glithero
Finance Director and Company Secretary

After qualifying as a chartered accountant with Ernst & Young, working within both the audit and corporate finance departments, Sean worked in the telecoms industry and for the FTSE 100 company BPB plc, before joining Auto Trader as Group Financial Controller in 2006. He has since held various group and divisional roles in the business, helping the business reshape through acquisitions and disposals as well as aiding the transition online through restructuring and realignment programmes. Sean was appointed Finance Director in September 2012 and has led two major re-financings and also has responsibility for customer security, legal services and procurement. Sean holds a BA (Hons) in Accountancy from Exeter University.

Appointed to Board: September 2012.

Independent: N/A.

External appointments: None.

Committee memberships: N/A.

Ed Williams
Chairman

Ed has been a Non-Executive Director of Auto Trader since November 2010 and Chairman since March 2014. He was the founding Chief Executive of Rightmove plc, serving in that capacity from November 2000 until his retirement from the business in April 2013. Rightmove plc was floated on the London Stock Exchange in February 2006. Prior to Rightmove, Ed spent the majority of his career as a management consultant with Accenture and McKinsey & Co. Ed holds an MA in Philosophy, Politics and Economics from St Anne's College, Oxford.

Appointed to Board: November 2010.

Independent on appointment: Yes.

External appointments: Idealista S.A.

Committee memberships:
Nomination (Chairman).

The dates of appointment shown are the dates on which the Directors were first appointed to the Board of Auto Trader Group plc or the Group's previous parent company, Auto Trader Holding Limited.

This corporate governance statement explains key features of the Company's governance structure and how it complies with the UK Corporate Governance Code published in 2014 by the Financial Reporting Council.

Introduction

This statement also includes items required by the Listing Rules and the Disclosure Rules and Transparency Rules ('DTRs'). The UK Corporate Governance Code (the 'Code') is available on the Financial Reporting Council website at frc.org.uk.

Compliance with the 2014 Code

As at the date of this report, the Company is in full compliance with the provisions of the 2014 Corporate Governance Code. However, the Company did not comply with all the provisions for the whole period as explained below.

The Board is satisfied that, despite the non-compliance with these provisions for part of the period, no individual dominated its decision-taking, no undue reliance was placed on particular individuals, there was sufficient challenge of executive management in meetings of the Board or relevant Committee, and the Board and relevant Committees operated effectively throughout the whole period.

Code provision	Detail	Explanation of non-compliance
B.1.2	Until 1 March 2016, less than half of the Board, excluding the Chairman, were Independent Non-Executive Directors.	For FTSE 350 Index companies, at least half the Board, excluding the Chairman, should comprise Independent Non-Executive Directors. The Company became a member of the FTSE 350 Index during the reporting period. The Company appointed three additional Independent Non-Executive Directors during the period on 1 May 2015 (David Keens), 1 July 2015 (Jill Easterbrook) and 1 March 2016 (Jeni Mundy), bringing the Board into full compliance with this provision from that date. Furthermore, the two Non-Executive Directors who were not considered to be independent (Tom Hall and Nick Hartman) resigned from the Board on 7 March 2016.
C.3.1	Until 1 July 2015, the Audit Committee did not comprise three Independent Non-Executive Directors.	Until 1 May 2015, the Audit Committee was chaired by Tom Hall (Non-Executive Director) and its members were Ed Williams (Chairman) and Chip Perry (Independent Non-Executive Director). On 1 May 2015, David Keens was appointed as Audit Committee Chairman, Tom Hall became a Committee Member and Ed Williams stepped down as a member of the Committee. Jill Easterbrook joined the Committee on 1 July 2015, and Tom Hall stepped down as a member of the Committee, and so with effect from that date, the composition of the Audit Committee was in full compliance with the Code.
D.2.1.	Until 1 July 2015, the Remuneration Committee did not comprise three Independent Non-Executive Directors.	Until 1 July 2015, the Remuneration Committee was chaired by Ed Williams (Chairman) and its other member was Chip Perry (Independent Non-Executive Director). David Keens joined the Remuneration Committee on his appointment on 1 May 2015. On 1 July 2015, Jill Easterbrook was appointed as an Independent Non-Executive Director and Remuneration Committee Chairman, and Ed Williams stepped down from the Remuneration Committee, and so with effect from that date, the composition of the Remuneration Committee was in full compliance with the Code.

Board and Committee meetings and attendance

Board meetings are scheduled to coincide with key events in the corporate calendar including the interim and final results and the Annual General Meeting ('AGM').

All Directors are briefed by the use of comprehensive papers circulated in advance of Board meetings and by presentations at the meetings. There is also a monthly financial update call at which the Board discusses results with operational management. A two-day strategy meeting is also held each year.

	Board	Audit	Remuneration	Nomination
Number of scheduled meetings held	9	3	4	4
Director				
Ed Williams	9/9	n/a	2/2	4/4
Trevor Mather	9/9	n/a	n/a	n/a
Sean Glithero	9/9	n/a	n/a	n/a
Tom Hall[1]	7/8	1/1	n/a	3/3
Nick Hartman[2]	8/8	n/a	n/a	n/a
Victor (Chip) Perry[2]	8/8	3/3	3/3	3/3
David Keens[3]	8/8	3/3	3/3	3/3
Jill Easterbrook[4]	6/6	2/2	2/2	2/2
Jeni Mundy[5]	1/1	0/0	1/1	1/1

1 Stepped down from the Audit Committee on 1 July 2015 and resigned from the Board on 7 March 2016.
2 Resigned on 7 March 2016.
3 Appointed on 1 May 2015.
4 Appointed on 1 July 2015.
5 Appointed on 1 March 2016.

Board roles

The positions of Chairman and Chief Executive are not exercised by the same person, ensuring a clear division of responsibility at the head of the Company. The division of roles and responsibilities between the Chairman, Ed Williams, and the Chief Executive, Trevor Mather, have been agreed by the Board and are set out in writing.

David Keens replaced Chip Perry as the Senior Independent Director on joining the Board on 1 May 2015.

All Directors have access to the advice and services of the Company Secretary, Sean Glithero, who is also the Finance Director.

Board composition

At the date of this report, the Board consists of the Non-Executive Chairman, three Independent Non-Executive Directors and two Executive Directors. Biographies of all members of the Board appear on pages 46 and 47.

In accordance with main principle B.1 of the Code, the Board and its Committees have an appropriate balance of skills, experience and knowledge of the Group to enable them to discharge their respective duties and responsibilities effectively.

Chairman	– Leadership and governance of the Board. – Ensuring its effectiveness by creating and managing constructive relationships between the Executive and Non-Executive Directors. – Ensuring ongoing and effective communication between the Board and its key shareholders. – Setting the Board's agenda and ensuring that adequate time is available for discussions. – Ensuring the Board receives sufficient, pertinent, timely and clear information.
Chief Executive	– Responsible for the day-to-day operations and results of the Group. – Developing the Group's objectives and strategy and, following Board approval, the successful execution of strategy. – Responsible for the effective and ongoing communication with shareholders. – Delegates authority for the day-to-day management of the business to the Operational Leadership Team (comprising the Executive Directors and senior management) who have responsibility for all areas of the business.
Non-Executive Directors	– Scrutinise and monitor the performance of management. – Constructively challenge the Executive Directors. – Monitor the integrity of financial information, financial controls and systems of risk management.
Senior Independent Director	– Acts as a sounding board for the Chairman. – Available to shareholders if they have concerns which the normal channels through the Chairman, Chief Executive or other Directors have failed to resolve. – Meets with the other Non-Executive Directors without Executive Directors present. – Leads the annual evaluation of the Chairman's performance.
Company Secretary	– Available to all Directors to provide advice and assistance. – Responsible for providing governance advice. – Ensures compliance with the Board's procedures, and with applicable rules and regulations. – Acts as secretary to the Board and all Committees.

Board balance and independence

At 27 March 2016 and to the date of this report, the Company is compliant with the Code provision that at least half the Board, excluding the Chairman, should comprise Independent Non-Executive Directors. The Company became compliant with this provision on 1 March 2016 with Jeni Mundy's appointment to the Board.

All of the current Non-Executive Directors (David Keens, Jill Easterbrook and Jeni Mundy), are considered to be independent in character and judgement, and free of any business or other relationship which could materially influence their judgement. Chip Perry, who resigned from the Board on 7 March 2016, was also considered to be independent for the same reasons. Ed Williams was considered to be independent on appointment.

The Chairman's fees and the Non-Executive Directors' fees are disclosed on page 62, and they received no additional remuneration from the Company during the year.

Until 7 March 2016, the Company had a relationship agreement (the 'Relationship Agreement') in place with its principal shareholders, funds advised by Apax (the 'Apax Shareholders'). While the Relationship Agreement was in force, the Apax Shareholders were entitled to appoint two Non-Executive Directors, providing they (and any of their respective associates, when taken together) held voting rights over 20% or more of the Company's issued share capital, and one Non-Executive Director providing they (and any of their respective associates, when taken together) held voting rights over 10% or more of the Company's issued share capital. The two Non-Executive Directors appointed by, and representing the Apax Shareholders were Tom Hall and Nick Hartman, and they were therefore not considered to be independent.

On 26 February 2016, the Apax Shareholders disposed of shares such that their combined holding fell below 10% of the Company's issued share capital. Tom Hall and Nick Hartman subsequently resigned from the Board with effect from 7 March 2016, and therefore the Relationship Agreement was terminated from that date.

Appointments to the Board

Non-Executive appointments to the Board are for an initial term of up to three years. Non-Executive Directors are typically expected to serve two three-year terms, although the Board may invite the Director to serve for an additional period. Refer to the Report of the Nomination Committee on page 52 for more information on the appointment process.

External directorships

Any external appointments or other significant commitments of the Directors require the prior approval of the Board. Neither of the Executive Directors have any external directorships as at the date of this report. During the year, Ed Williams was appointed as a Non-Executive Director of Idealista S.A. The Board is comfortable that external appointments of the Chairman and the Non-Executive Directors do not impact on the time that any Director devotes to the Company.

In accordance with the Company's Articles of Association, the Board has a formal system in place for Directors to declare conflicts of interests and for such conflicts to be considered for authorisation.

Letters of appointment

The Chairman and the Non-Executive Directors have letters of appointment which are available for inspection at the registered office of the Company during normal business hours and at the place of the AGM from at least 15 minutes before and until the end of the meeting.

Induction and development

All newly appointed Directors receive an induction briefing on their duties and responsibilities as Directors of a publicly quoted company, and meet with key members of senior management in order to familiarise themselves with the Group and its activities. All Directors are offered the opportunity to meet with customers and take part in sales calls to understand the business from a customer's perspective. The Board as a whole is updated, as necessary, in light of any governance developments as and when they occur. Specific business-related presentations are given to the Board by senior management and external advisors when appropriate.

As part of the Board evaluation, the Chairman met with each Director to discuss any individual training and development needs.

During 2015/16 the Board learned more about:

- audience and brand;
- competitive position;
- regulatory environment;
- technology;
- business continuity planning;
- cyber security;
- display advertising market;
- network effects and pricing in two-sided markets;
- new product development; and
- our customers' viewpoint.

Information and support available to Directors

Full and timely access to all relevant information is given to the Board. For Board meetings, this consists of a formal agenda, minutes of previous meetings and a comprehensive set of papers including regular business progress reports, provided to Directors in a timely manner in advance of meetings.

All the Directors have the right to have their opposition to, or concerns over, any Board decision noted in the minutes. Directors are entitled to take independent professional advice at the Company's expense in the furtherance of their duties, where considered necessary.

Election of Directors

The Board can appoint any person to be a Director, either to fill a vacancy or as an addition to the existing Board. Any Director so appointed by the Board shall hold office only until the next AGM and shall then be eligible for election by the shareholders.

Board evaluation and effectiveness

A formal internal evaluation of the Board, Committees and individual Directors has taken place during the year. This included the completion of a detailed questionnaire by each of the Board Directors, covering the Board's role, knowledge and skills, Board meetings and information flows, Board composition, succession planning, risk management, relations with shareholders and each of the Board Committees. The results were reviewed by the Chairman and the principal findings were fed back to the Board in March 2016. In addition, an assessment of the Chairman's performance was carried out, led by the Senior Independent Director, and feedback was provided to him individually.

Areas of focus for the coming year include:

- reviewing the level of information presented in Board papers;
- increasing exposure between Board members and operational management outside Board meetings;
- formalising the induction process and setting in place formal Board training and development plans; and
- continuing to increase the Board's understanding of the views of major shareholders.

Risk management

The Company does not have a separate Risk Committee; the Board is collectively responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The processes in place for assessment, management and monitoring of risks are described in a separate section on pages 33 to 34.

Internal control framework

The Board acknowledges its responsibility for establishing and maintaining the Group's system of internal controls and it receives regular reports from management identifying, evaluating and managing the risks within the business. The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Audit Committee reviews the system of internal controls through reports received from management, along with others from internal and external auditors. Management continues to focus on how internal control and risk management can be further embedded into the operations of the business and on how to deal with areas of improvement which come to the attention of management and the Board.

The Board, assisted by the Audit Committee, has carried out a review of the effectiveness of the system of internal controls during the year ended 27 March 2016 and for the period up to the date of approval of the consolidated financial statements contained in the Annual Report. The review covered all material controls, including financial, operational and compliance controls and risk management systems. The Board considered the weaknesses identified and reviewed the developing actions, plans and programmes that it considered necessary. The Board confirms that no significant weaknesses or failings were identified as a result of the review of effectiveness.

Relations with shareholders

The Company recognises the importance of communicating with its shareholders to ensure that its strategy and performance are understood and that it remains accountable to shareholders.

The Company formally updates the market on its financial performance at least twice a year, at the half year and full year in November and June respectively. These updates are posted on the Group's website and are available to all shareholders. These are accompanied by formal investor roadshows in the UK and overseas. There is also an ongoing programme of meetings with institutional investors, fund managers and analysts and conferences, covering a wide range of issues within the constraints of publicly available information, including strategy, performance and governance.

The Board is aware that institutional shareholders may be in more regular contact with the Company than other shareholders, but care is exercised to ensure that any price-sensitive information is released to all shareholders, institutional and private, at the same time, in accordance with the Financial Conduct Authority requirements. Questions from individual shareholders are generally dealt with by the Executive Directors.

All announcements, investor presentations and the Annual Report are on the Company's website (about-us.autotrader.co.uk/investors).

The Board receives regular reports on issues relating to share price, trading activity and movements in institutional investor shareholdings. The Board is also provided with current analyst opinions, forecasts and feedback from its joint corporate brokers, Bank of America, Merrill Lynch and Numis, on the views of institutional investors on a non-attributed and attributed basis. Any major shareholders' concerns are communicated to the Board by the Executive Directors.

The Senior Independent Director, David Keens, and other Non-Executive Directors are available to meet with shareholders and are offered the opportunity to attend meetings with major shareholders. Arrangements can be made to meet with them through the Company Secretary.

Annual General Meeting

The AGM of the Company will take place at 10.00 am on Thursday 22 September 2016 at the Company's registered office at 1 Tony Wilson Place, Fourth Floor, Manchester, M15 4FN. All shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM.

All proxy votes received in respect of each resolution at the AGM are counted and the balance for and against, and any votes withheld, are indicated. At the meeting itself, voting on all the proposed resolutions is conducted on a poll rather than a show of hands, in line with recommended best practice. The Chairman, the Chair of each of the Committees and both Executive Directors are present at the AGM and available to answer shareholders' questions.

The Notice of the AGM can be found in a booklet which is being mailed out at the same time as this Report. The Notice of the AGM sets out the business of the meeting and an explanatory note on all resolutions. Separate resolutions are proposed in respect of each substantive issue. Results of resolutions proposed at the AGM will be published on the Company's website (about-us.autotrader.co.uk/investors) following the AGM.

Ed Williams
Chairman of the Nomination Committee

- Composed of the Chairman and three Independent Non-Executive Directors.
- At least two meetings held per year.
- Meetings are attended by the Chief Executive and other relevant attendees by invitation.
- For more information on the Committee's terms of reference visit about-us.autotrader.co.uk/investors.

Four meetings were held during the year:

	Meetings attended/ Total meetings held	Percentage of meetings attended
Current members		
Ed Williams (Chairman)	4/4	100%
David Keens (joined 1 May 2015)	3/3	100%
Jill Easterbrook (joined 1 July 2015)	2/2	100%
Jeni Mundy (joined 1 March 2016)	1/1	100%
Previous members		
Tom Hall (left 7 March 2016)	3/3	100%
Victor 'Chip' Perry (left 7 March 2016)	3/3	100%

Dear shareholders,

I am pleased to introduce the report of the Nomination Committee for 2016.

Role of the Committee

The Committee has responsibility for identifying and nominating candidates for appointment as Directors for approval by the Board.

The Committee will also make recommendations to the Board concerning the reappointment of any Non-Executive Director as he or she reaches the end of the period of their initial appointment (three years), and on the annual election and re-election of any Director by shareholders after evaluating the balance of skills, knowledge and experience of each Director.

Activities during the year

In our first full year as a listed Company and a member of the FTSE 250, the Committee successfully identified and nominated three candidates to be appointed as Independent Non-Executive Directors, bringing our Board composition and Committee membership into line with the provisions of the 2014 UK Corporate Governance Code.

The process for identifying candidates was led by the Committee.

- Comprehensive candidate search briefs were agreed, including the required industry and public company skills, knowledge and experience required for new Non-Executive Directors.
- An external executive recruitment consultant, JCA Partners LLP, was engaged, with whom the Group has no other relationship.
- The shortlisted candidates each met with members of the Board on a one-on-one basis before the Committee made its recommendation of the preferred candidates to the Board.

A formal internal evaluation of the Board, Committees and individual Directors took place during the year, led by the Committee. The process and the outcomes of this are summarised in the Corporate Governance statement on page 51.

Our progress in 2016

- Selection process and recommendation to the Board to appoint three new Non-Executive Directors.
- Oversaw the first internal Board evaluation.
- Reviewed succession planning for the Board, Executive Directors and the senior management team.

Our 2017 priorities

- Follow up on Board evaluation actions.
- Focus on diversity at senior management level and deeper into the organisation.
- Keep the Board and Committee membership under review to maintain an appropriate mix of skills and experience.

The Committee also carried out an extensive succession planning review, covering the Chairman, members of the Board, Executive Directors and the Senior Management team, and various actions are being taken to ensure that robust plans are in place.

Policy on appointments to the Board

The most important priority of the Committee has been, and will continue to be, ensuring that members of the Board should collectively possess the broad range of skills, expertise and industry knowledge, and business and other experience necessary for the effective oversight of the Group.

Appointments are made on merit, against objective criteria and with due regard to the benefits of diversity on the Board. The Committee takes account of a variety of factors before recommending any new appointments to the Board, including relevant skills to perform the role, experience, knowledge and diversity.

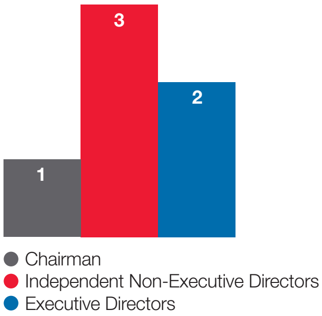
Auto Trader endeavours to achieve appropriate diversity, including gender diversity, throughout the Company and concurs with the recommendations of Lord Davies' review. We have adopted the recommended target of female representation on our Board of 25%, and we have met this target, as two of our six Board members are female. These appointments were made based on merit, against objective criteria, to ensure we appointed the best individual for each role.

I will be available at the AGM to answer any questions on the work of the Committee.

Ed Williams
Chairman of the Nomination Committee
9 June 2016

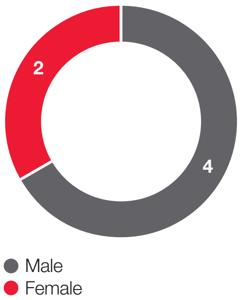
Board composition

As at 27 March 2016



Board diversity

As at 27 March 2016



David Keens
Chairman of the Audit Committee

- Composed of three Independent Non-Executive Directors.
- David Keens is considered by the Board to have recent and relevant experience. Other members have a wide range of business experience.
- At least three meetings held per year.
- Meetings are attended by the Finance Director, Chief Executive, internal auditors and external auditors by invitation.
- For more information on the Committee's terms of reference visit about-us.autotrader.co.uk/investors.

Three meetings were held during the year:

	Meetings attended/ Total meetings held	Percentage of meetings attended
Current members		
David Keens (Chairman) (joined 1 May 2015)	3/3	100%
Jill Easterbrook (joined 1 July 2015)	2/2	100%
Jeni Mundy (joined 1 March 2016)	0/0	n/a
Previous members		
Tom Hall (left 1 July 2015)	1/1	100%
Victor 'Chip' Perry (left 7 March 2016)	3/3	100%

Dear shareholders,

I am pleased to introduce the Audit Committee report for 2016.

This has been our first full year as a listed company. With the appointment of two further Independent Non-Executive Directors to the Committee, and the departure of Tom Hall, who was one of the Directors nominated by Apax Shareholders, I can report that the composition of the Audit Committee is now compliant with the UK Corporate Governance Code.

With the assistance of management and the external auditors, the Committee has considered the main financial reporting issues, estimates and judgements, and we believe that the information in this Annual Report is fair, balanced, understandable and clearly explains progress against our strategic and operating objectives.

We believe that rigorous internal controls and robust risk management processes are an essential part of delivering shareholder value. The Committee has assisted the Board in performing a review of effectiveness of the processes and systems in place. This includes the appointment of Deloitte LLP as our outsourced internal audit function, who are delivering a programme of work focusing on the key areas of risk.

One of the major decisions we took during the year, following a formal tender process, was the recommendation to appoint KPMG LLP as our external auditors with effect from the March 2017 audit (subject to shareholder approval). On behalf of the Committee and the Board, I would like to record our thanks to PwC, which has been Auto Trader's auditor since 2004, and has provided valuable assistance, support and advice to the Committee during their tenure. The transition process has already begun and we look forward to working with KPMG in the future.

David Keens
Chairman of the Audit Committee
9 June 2016

Our progress in 2016

- Annual Report and first PLC reporting cycle.
- Internal audit function and approved a risk-based programme.
- External audit tender process and recommendation of appointment of KPMG.

Our 2017 priorities

- Transition from PwC to new external auditor.
- Continued focus on key areas of judgement, risk and controls.
- Review of effectiveness of external auditors and internal audit function.

Financial reporting

The primary role of the Committee in relation to financial reporting is to review and monitor the integrity of the financial statements, including annual and half-year reports, result announcements, dividend proposals and any other formal announcement relating to the Group's financial performance.

The Committee assessed the quality and appropriateness of the accounting principles and policies adopted, and whether management had made appropriate underlying estimates and judgements. In doing so, the Committee reviewed management reports in respect of the main financial reporting issues and judgements made, together with reports prepared by the external auditor on the 2016 half-year statement and Annual Report 2016.

The Committee, with the assistance of management and PwC, identified areas of financial statement risk and judgement as described below:

Description of focus area	Audit Committee action
Adjusted profit metric	
The Group highlights non-underlying items in the income statement to show the impact of one-off and other discrete items and to allow better interpretation of the underlying performance of the business. Adjusted underlying EBITDA was previously used as it reflected both the impact of non-underlying items and the change in accounting for technology development that was implemented in 2013. This resulted in more of the Group's expenditure on internal development salaries being expensed as they did not meet the requirements for capitalisation. In order to provide comparability of results from period to period, and with listed peer companies, the Directors now consider Underlying operating profit to be a more appropriate indicator of the performance of the business. Underlying operating profit for the year (and the comparative year) is defined to be operating profit before exceptional items, share-based payments and management incentive plans. In its first year as a listed company, the Board has implemented new employee share schemes. As the Directors intend to make grants on an annual basis, the share-based payment charge is likely to increase significantly year-on-year until the third anniversary. Therefore, the Directors consider it appropriate to identify IFRS 2 charges and the associated national insurance costs separately until 2018.	The Committee considered management's paper explaining the change in Adjusted profit metric and reviewed the timeline over which the transition from Adjusted underlying EBITDA to Underlying operating profit would be implemented. The Committee discussed with management the items considered to be 'non-underlying', particularly the inclusion of share-based payment charges. The Committee considered PwC's view of the adjusted profit measure and consistency with other disclosures in the Annual Report. The Committee was satisfied that the disclosure was appropriate.
Share-based payments	
During the year the Company has implemented its first employee share schemes. In April 2015, employees were invited to become shareholders by joining the all-employee Share Incentive Plan ('SIP'). In June 2015, the Group implemented its first Performance Share Plan ('PSP') for senior management and selected other individuals. In September 2015 the Sharesave scheme ('SAYE') was implemented. The first grants under the Deferred Annual Bonus Plan ('DABP'), relating to the FY16 Annual Bonus, will be made in July 2016. All such share-based payment arrangements are accounted for as equity-settled share-based payment transactions. The IFRS 2 charge has been determined using widely accepted pricing models.	The Committee reviewed the assumptions made by management and assessed the adequacy of the models themselves for pricing such equity instruments. The Committee reviewed management forecasts for the number of options that were likely to vest under each scheme. The Committee discussed with management the consistency of assumptions used throughout the financial statements in determining the IFRS 2 charge, particularly in relation to profit forecasts that determine the proportion of shares granted under the PSP and DABP. The Committee reviewed PwC's report into the adequacy of the charge and satisfied itself that the share-based payment accounting is appropriate and in accordance with accounting standards.

Description of focus area	Audit Committee action
Viability statement and going concern	
The Directors must satisfy themselves as to the Group's viability and confirm that they have a reasonable expectation that it will continue to operate and meet its liabilities, as they fall due. The period over which the Directors have determined is appropriate to assess the prospects of the Group has been defined as three years. In addition, the Directors must consider if the going concern assumption is appropriate. If the financial statements do not appropriately reflect the conclusions on going concern, a significant number of accounts could be affected.	The Committee reviewed management's schedules supporting and explaining the inputs and process underpinning the going concern assessment and viability statements. These included the Group medium-term plan and cash flow forecasts for the period to March 2019. The Committee discussed with management as to whether a three-year period was the most appropriate period to consider. The Committee enquired as to the correlation between the principal risks and uncertainties as defined within the Group's risk register and disclosed on pages 36 and 37. In particular, the feasibility of mitigating actions and the potential speed of implementation to achieve any flexibility required. The Committee evaluated the conclusions over going concern and viability and the proposed disclosures in the financial statements and satisfied itself that the financial statements appropriately reflect the conclusions.

Fair, balanced and understandable

The Committee has reviewed the content of the 2016 Annual Report and considered whether, taken as a whole, in its opinion it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

The Committee was provided with a draft of the Annual Report in order to assess the strategic direction and key messages being communicated. The Committee provided feedback highlighting any areas in which they felt that further clarity or information was required and this was then incorporated into the report provided for Audit Committee approval.

When forming its opinion the Committee considered:	
Is the report fair?	– Is a complete picture presented and has any sensitive material been omitted that should have been included? – Are key messages in the narrative aligned with the KPIs and are they reflected in the financial reporting? – Are the revenue streams described in the narrative consistent with those used for financial reporting in the financial statements?
Is the report balanced?	– Is there a good level of consistency between the reports in the front and the reporting in the back of the Annual Report? – Do you get the same messages when reading the front end and the back end independently? – Is there an appropriate balance between statutory and adjusted measures and are any adjustments explained clearly with appropriate prominence? – Are the key judgements referred to in the narrative reporting and significant issues reported in the Report of the Audit Committee consistent with disclosures of key estimation uncertainties and critical judgements set out in the financial statements? – How do these compare with the risks that PwC are planning to include in their report?
Is the report understandable?	– Is there a clear and cohesive framework for the Annual Report? – Are the important messages highlighted and appropriately themed throughout the document? – Is the report written in accessible language and are the messages clearly drawn out?

Following the Committee's review, the Directors confirm that, in their opinion, the 2016 Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Risk management and internal control

The primary role of the Audit Committee in relation to risk management and internal controls is to review the effectiveness of risk management systems and related internal controls to ensure that any issues that have arisen are properly dealt with, and that going forward the systems are fit for purpose.

The Committee performs its duties by:

- reviewing annually the Group's system of internal control;
- receiving reports from the Group's internal audit function and ensuring any identified weaknesses are acted on by management; and
- reviewing reports from the external auditors on any issues identified in the course of their work, including an internal control report on control weaknesses, and ensuring that there is an appropriate response from management.

The Group has in place internal controls and risk management systems in relation to its financial reporting process and preparation of consolidated accounts. These systems include policies and procedures to ensure that adequate accounting records are maintained and transactions are recorded accurately and fairly to permit the preparation of financial statements in accordance with IFRS. The internal control systems include:

Component	Approach	Basis for assurance
Risk management	Risk register is maintained by the Operational Leadership Team ('OLT') and reviewed and approved by the Board.	Updated by the OLT and reviewed and approved by the Board twice annually.
Financial reporting	Consolidated Group reporting is performed on a monthly basis with a month-end pack being produced that includes an income statement, balance sheet and cash flow statement.	Results are reviewed each month by management, the OLT and the Board. Results are compared against expectations and significant variances are explained by management.
Budgeting and reforecasting	The Group produces an annual budget and a half-year reforecast to which monthly results are benchmarked.	Performed using a bottom-up approach with reviews performed by the OLT and the Board.
Delegation of authority and approval limits	A documented structure of delegated authorities and approval for transactions and commitments exists.	Reviewed by an independent member of the finance team and approval limits regarding customer discounts have been reviewed by the internal auditor.
Segregation of duties	Procedures are well defined to segregate duties over significant transactions. Key reconciliations are reviewed periodically to ensure accurate reporting.	Reviewed by an independent member of the finance team.

Whistleblowing

A whistleblowing policy has been adopted which includes access to a whistleblowing telephone service run by an independent organisation, allowing employees to raise concerns on an entirely confidential basis. The Committee receives regular reports on the use of the service, any significant reports that have been received, the investigations carried out and any actions arising as a result.

Internal audit

The Committee appointed Deloitte as the Group's outsourced internal audit function during the year.

The internal audit function is accountable to the Audit Committee and uses a risk-based approach to provide independent assurance over the adequacy and effectiveness of the control environment. The internal audit work plan for 2016 was approved by the Audit Committee during the year and covers a broad range of core financial and operational processes and controls, focusing on specific risk areas as identified in the Group's risk register. Management actions that are recommended following the audits are tracked to completion and reviewed by the Committee to ensure that identified risks are mitigated appropriately.

External auditors

One of the Committee's roles is to oversee the relationship with the external auditor, PwC, and to evaluate the effectiveness of the service provided. This assessment is achieved through various means, including approving audit plans, discussing materiality assessments in relation to the financial statements, reviewing the auditor's reports and seeking feedback from management on the effectiveness of the audit process.

During the year the Audit Committee reviewed the findings of the external auditor in respect of both the financial statements for the six-month period ending 27 September 2015 and for the year ended 27 March 2016.

The Committee met with representatives from PwC without management present and with management without representatives of PwC present, to ensure that there were no issues in the relationship between management and the external auditor which it should address. There were none.

The Committee is mindful of its responsibility to ensure that the external auditor maintains its independence and objectivity. It has therefore reviewed, and is satisfied with, the independence of PwC as the external auditor.

Non-audit services provided by the external auditors

The external auditors are primarily engaged to carry out statutory audit work. There may be other services where the external auditors are considered to be the most suitable supplier by reference to their skills and experience. It is the Group's practice that it will seek quotes from several firms, which may include PwC, before engagements for non-audit projects are awarded. Contracts are awarded based on individual merits. A formal policy is in place for the provision of non-audit services by the external auditor, to ensure that the provision of such services does not impair the external auditor's independence or objectivity.

Audit-related services directly related to the audit: for example, the review of interim financial statements; compliance certificates and reports to regulators.	Considered to be approved by the Committee to a level of £100,000 for each individual engagement, and to a maximum aggregate of £200,000 for each financial year. Any engagement of the external auditor to provide permitted services over these limits is subject to the specific approval of the Audit Committee.
Acceptable non-audit services: including but not limited to tax compliance and advisory services; work related to mergers, acquisition, disposals, joint ventures, or circulars; benchmarking services; and corporate governance advice.	
Prohibited services: where the auditor's objectivity and independence may be compromised by the threat of self-interest, self-review, management, advocacy, familiarity or intimidation – for example, accounting services, internal audit services, valuation services and financial systems consultancy.	Prohibited.

Refer to about-us.autotrader.co.uk/investors for full details of the policy.

During the year, PwC charged the Group £0.1m (2015: £2.6m, which included matters relating to the listing on the London Stock Exchange) for non-audit services, as outlined in note 4 to the financial statements.

External audit tender process

A formal tender process was undertaken during 2016, in relation to the audit for the year to March 2017. The Committee has a formal policy to tender at least once every 10 years. PwC has been the Group's auditor since 2004. The Committee considered the need to undertake a tender process in 2015 and concluded that, given the short length of time from the IPO, it was appropriate to retain PwC for the 2016 financial year end at least.

The tender process has since been completed, led by the Committee, with a selection panel appointed to undertake much of the detailed work. Three audit firms, including the incumbent auditor, were invited to tender. During the process, the tendering firms met with key personnel within the Group and were provided with detailed information about the Group's operations. The process culminated in written proposals being submitted and presented to the selection panel.

The panel and the Committee assessed the proposals against the following pre-defined selection criteria:

- Skills, experience and commitment.
- Quality of interactions and proposal.
- Cultural fit.
- Industry experience and understanding.
- Service approach and value add.
- Understanding of PLC requirements.
- Fees and pricing.

The Committee's recommendation to the Board that KPMG LLP be appointed as external auditor for the financial year ending March 2017 was accepted, and a resolution to propose the appointment of KPMG LLP as auditors will be put to shareholders at the 2016 AGM.

The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 – statement of compliance

The Company confirms that it complied with the provisions of the Competition and Markets Authority's Order for the financial year under review, other than in the timing of the audit tender process which was discussed with the Authority at the time of the Company's IPO.

David Keens
Chairman of the Audit Committee
9 June 2016

Annual statement by the Chairman of the Remuneration Committee

Jill Easterbrook
Chairman of the Remuneration Committee

- Composed of three Independent Non-Executive Directors.
- At least two meetings held per year.
- Meetings are attended by the Chief Executive and other relevant attendees by invitation – no person is present during any discussion relating to their own remuneration.
- For more information on the Committee's terms of reference visit about-us.autotrader.co.uk/investors.

Four meetings were held during the year:

	Meetings attended/ Total meetings held	Percentage of meetings attended
Current members		
Jill Easterbrook (Chairman) (joined 1 July 2015)	2/2	100%
David Keens (joined 1 May 2015)	3/3	100%
Jeni Mundy (joined 1 March 2016)	1/1	100%
Previous members		
Ed Williams (left 1 July 2015)	2/2	100%
Victor 'Chip' Perry (left 7 March 2016)	3/3	100%

Dear shareholders,

I am pleased to present, on behalf of the Board, the report of the Remuneration Committee (the 'Committee') in respect of the year ended 27 March 2016, the Company's first full financial year as a listed company.

Objectives of the remuneration policy and link to strategy

The policy approved by shareholders in September 2015 has the following aims:

- to attract, retain and motivate high calibre senior management and structured so as to focus on the delivery of the Company's strategic and business objectives in order to promote its long-term success;
- the targets for performance related pay closely linked to the Company's main strategic objectives;
- to be simple in design, transparent and understandable both to participants and shareholders;
- to achieve a degree of consistency in terms of approach across the senior management population to the extent appropriate;
- base pay to be set having had due regard to appropriate mid-market benchmarks with incentive pay structured so as to provide the opportunity to earn above mid-market benchmarks for the delivery of challenging performance targets; and
- to promote an ownership culture, via the encouragement of widespread equity ownership across the workforce.

During the year it has proved effective in both retaining and motivating our executive team. The policy supports our strategy through using performance targets for our variable pay schemes that target improvements in our key performance indicators (i.e. Underlying operating profit, audience share, new product initiatives and total shareholder returns). As a consequence no changes are proposed to our policy, or its application, for the current financial year.

The work of the Committee during the year

As reported last year, the Remuneration Committee carried out considerable work prior to Admission in order to develop our new remuneration policy. As a result, this year has been focused on the implementation of the approved policy for our first full year. The key activities of the Committee are detailed in the table below.

Our activities in 2016

- Confirming the performance targets to apply to the 2016 Performance Share Plan ('PSP') awards and granting the awards.
- Considering the executive pay environment and confirming the current remuneration policy remains appropriate for 2017.
- Reviewing the choice of performance metrics for 2017 variable pay schemes.
- Consideration of the approach to equity participation across the workforce including design of first Company-wide share schemes ('SIP' and 'SAYE').
- Considering the impact of changes to pension tax rules.
- Considering the approach to reporting on the current financial year.

Our 2017 priorities

- Confirming targets for and granting the 2017 PSP awards.
- Considering the ongoing appropriateness of the structure and design of the existing long-term incentive plans.
- Continuing to monitor the executive pay environment and considering the ongoing appropriateness of the existing policy.

Performance and reward in 2016

Our first full year as a listed company has been very successful.

We achieved year-on-year revenue growth of 10% to £281.6m (2015: £255.9m) with growth across all of our revenue streams. Underlying operating profit increased by 19% to £171.3m (2015: £144.1m) with Underlying operating profit margin improving by 5 percentage points to 61% (2015: 56%). Operating cash flows from continuing operations were 30% higher at £177.0m, a conversion rate of 97%, allowing £147.0m of debt to be repaid during the year. Overall, the results were our best ever.

In terms of non-financial performance we continued to achieve our objective of being the market leader in what we do (measured based on our audience share using customer minutes on our site versus our competitor set) and successfully executed our strategy of growing the number of Managing Pillar products.

The level of performance achieved resulted in the maximum bonus targets set at the start of the year being exceeded both for financial and non-financial targets. Further information on the actual targets set, and our performance against them is provided on page 63.

Since the first awards granted under the Company's Performance Share Plan took place in June 2015, there were no outstanding awards eligible to vest in respect of long-term performance in the year under review.

Approach for 2017

The Committee will continue to operate within the remuneration policy approved by shareholders in September 2015. The key highlights of how we intend to apply this for 2016/17 are:

- with effect from 1 April 2016, the salaries of the Executive Directors were increased by 2% which is below the average increase across the wider workforce;
- the annual bonus plan will operate similarly to last year, with 75% being based on Underlying operating profit performance and the remaining 25% being based on strategic metrics; and
- awards will be made in July 2016 under the PSP at 200% of salary for Trevor Mather and 150% for Sean Glithero. Awards will also be made to other senior colleagues at this time. The performance conditions applying to these awards will continue to be based on the Company's Cumulative Underlying operating profit (relevant to 75% of awards) and Total Shareholder Return ('TSR') (relevant to 25% of awards).

Feedback from shareholders

The Remuneration Committee is committed to ensuring that we are responsive to developments in best practice, and will proactively consider the implementation of our policy in the light of this. Should you have any feedback in this regard, I shall be available at the AGM to answer any specific questions that you may have.

I hope that you will be supportive of the AGM resolution to approve our Annual Report on Remuneration.

Jill Easterbrook
Chairman of the Remuneration Committee
9 June 2016

This report sets out details of the remuneration policy for Executive and Non-Executive Directors, describes how the remuneration policy is implemented and discloses the amounts paid in the year ended 27 March 2016.

This Remuneration Report is in three parts. The Annual Statement by the Chairman of the Remuneration Committee sets out an overview of the year just ended. This is followed by the Annual Report on Remuneration (set out on pages 62 to 69), which provides greater detail on the amounts paid and the implementation of the policy in 2016 and also includes a high level summary of how the remuneration policy is intended to be implemented in the 2017 financial year. Finally, as an Appendix, a summary version of the remuneration policy, which was approved by shareholders at the AGM on 17 September 2015, is set out on pages 70 to 73. The full policy can be viewed on our website at about-us.autotrader.co.uk/investors.

The Annual Statement by the Chairman, together with the Annual Report on Remuneration, will be subject to an advisory vote at the AGM on 22 September 2016.

Annual report on remuneration

Single figure of remuneration for the year ended 27 March 2016 (Audited)

The table below shows the aggregate emoluments earned by the Directors of the Company in the year ended 27 March 2016.

£'000	Salary & fees	Benefits[1]	Annual bonus	Long-term incentives[2]	Pension[3]	Total
Executive						
Trevor Mather	525	1	787	–	26	**1,339**
Sean Glithero	290	1	377	–	14	**682**
Non-Executive						
Ed Williams	170	–	–	–	–	**170**
David Keens[4]	65	–	–	–	–	**65**
Jill Easterbrook[5]	46	–	–	–	–	**46**
Jeni Mundy[6]	4	–	–	–	–	**4**
Victor A. Perry III[7]	49	–	–	–	–	**49**
Tom Hall[7,8]	–	–	–	–	–	**–**
Nick Hartman[7,8]	–	–	–	–	–	**–**

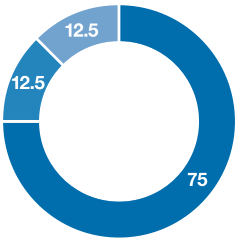
The following table shows the aggregate emoluments from the date of Admission to 29 March 2015.

£'000	Salary & fees	Benefits[1]	Annual bonus	Long-term incentives[2]	Pension[3]	Total
Executive						
Trevor Mather	9	–	10	–	1	**20**
Sean Glithero	5	–	2	–	–	**7**
Non-Executive						
Ed Williams	2	–	–	–	–	**2**
Victor A. Perry III	1	–	–	–	–	**1**
Tom Hall[8]	–	–	–	–	–	**–**
Nick Hartman[8]	–	–	–	–	–	**–**

1 Benefits include: private healthcare, life assurance and income protection insurance.
2 There were no long-term incentives eligible to vest in the year under review.
3 Employer's pension contributions of 5% of salary were paid in respect of Executive Directors. No Directors have a beneficial interest in a defined benefit scheme.
4 Appointed 1 May 2015.
5 Appointed 1 July 2015.
6 Appointed 1 March 2016.
7 Resigned 7 March 2016.
8 Waived entitlement to receive a fee.

Annual bonus for the year ended 27 March 2016

The targets applying to the annual bonus for the year ended 27 March 2016 were as follows:



The bonus targets for the financial year, as set by the Committee at the start of the year, together with performance against these, and resulting pay-outs are set out in detail below.

Underlying operating profit (75% of total bonus)

Level of achievement	Required/actual result (£m)	Percentage payout under that element
Threshold requirement	£156m	20%
Target requirement	£164m	50%
Stretch requirement	£169m	100%
Actual achieved	**£171.3m**	**100%**

Level of audience share (12.5% of total bonus)

Audience share targets were set based on the number of months in the year under review that the Company's audience share (based on the share of minutes amongst car buyers using car portals) was in excess of 80% (representing the Company's targeted level).

Targets were set as follows, with a graduated scale operating between the threshold and stretch requirements:

Number of months where average audience share of minutes is more than 80% for that month	Pay-out of audience share element
Threshold requirement: Less than 6 months	0% (of the 12.5%)
Stretch requirement: 10 months or above	100% (of the 12.5%)
Actual achieved: 12 out of 12 months more than 80%	**100%**

The level of market share was verified by comScore MMX.

Penetration of Managing Pillar products (12.5% of total bonus)

This part of the bonus related to the number of retailer forecourts adopting Managing Pillar products.

Targets were set as follows, with a graduated scale operating between the threshold and stretch requirements:

Number of retailer forecourts introducing Managing Pillar	Pay-out of Managing Pillar element
Threshold requirement: Less than 1,250	0% (of the 12.5%)
Stretch requirement: 1,751 or more	100% (of the 12.5%)
Actual achieved – over 1,900	**100%**

In light of the Company's record performance during the year under review, the Committee was comfortable with the overall level of annual bonus pay-out.

Half of the bonus earned will be payable in shares, deferred for two years under the Deferred Annual Bonus Plan ('DABP'). The deferred shares will vest subject to continued employment, but there are no further performance targets.

Performance Share Plan (Audited)

The first awards under the PSP were granted as Nil Cost options on 19 June 2015 and will normally be eligible to vest in three years from grant based on performance over the three years to 31 March 2018 and continuous employment. The awards were as follows:

Executive Director	Number of PSP shares awarded	Multiple of salary	Face/maximum value of awards at grant date[1]	% award vesting at threshold (% maximum)	Performance period[2]
Trevor Mather	446,808	200%	£1,050,000	25%	Concludes 31 March 2018
Sean Glithero	185,106	150%	£435,000	25%	

1 Face value/maximum was calculated based on the Offer Price of £2.35 in connection with the Company's Admission to the Official List as detailed in the Company's Admission Prospectus.
2 The performance period for the Cumulative Underlying operating profit target runs for three years from 1 April 2015, with the performance period for the TSR target running from the Admission date to 31 March 2018.

The performance conditions applying to the 2015 PSP awards were summarised in the Admission Prospectus and last year's Directors' remuneration report and are set out below. Each element will be assessed independently of the other:

Metric	Percentage of total PSP awards
Cumulative Underlying operating profit	75%
Relative Total Shareholder Return	25%

Cumulative Underlying operating profit

Cumulative Underlying operating profit is defined as the sum of the Group's Underlying operating profit result over the three consecutive financial years ending on 31 March 2018. The actual range of Cumulative Underlying operating profit targets for the three years ended 31 March 2018 that are applicable to the awards are as follows:

Cumulative Underlying operating profit performance achieved	Proportion of awards subject to Cumulative Underlying operating profit that vest
Below £510m	0%
Equal to £510m (threshold target)	25%
Equal to or above £550m (stretch target)	100%
Pro-rata between the threshold and stretch performance targets	

Relative Total Shareholder Return

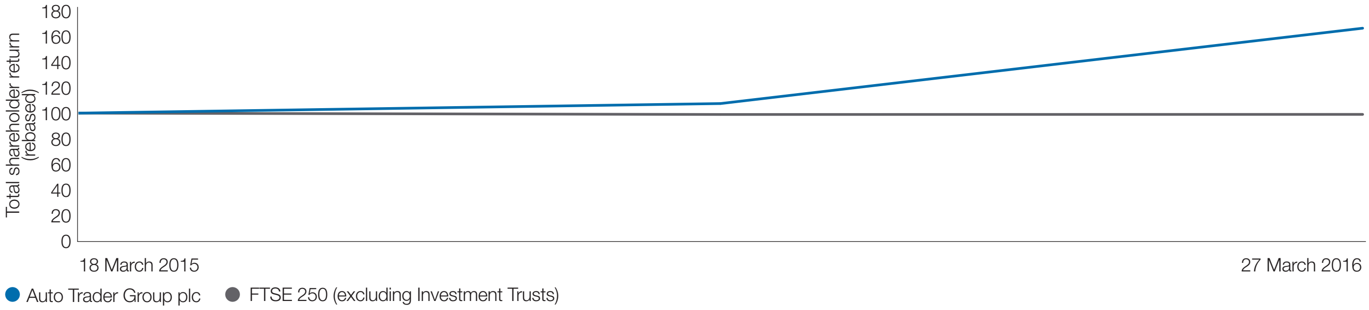
Performance is measured for three years from Admission and the Company's TSR performance is measured from the Offer Price (as detailed in Admission Prospectus). The TSR of the Company will be compared to that of the FTSE 250 Index (excluding Investment Trusts) over the performance period, and will vest according to the following schedule:

TSR performance relative to the FTSE 250 Index (excluding investment trusts)	Proportion of awards subject to TSR that vest
Below Index TSR	0%
Equal to Index TSR (threshold target)	25%
Equal to Index TSR plus 25% or above (stretch target)	100%
Pro-rata between the threshold and stretch performance targets	

Performance graph and CEO remuneration table

The graph below illustrates the Company's TSR performance relative to the constituents of the FTSE 250 Index (excluding investment trusts) of which the Company is a constituent, from the start of conditional share dealing on 18 March 2015. The graph shows performance of a hypothetical £100 invested and its performance over that period.

Total shareholder return



Source: Datastream (Thomson Reuters).

CEO remuneration

The table below sets out the Chief Executive's single figure of total remuneration together with the percentage of maximum annual bonus awarded over the same period.

	2016	2015[1]
CEO total remuneration (£'000)	1.339	20
Annual bonus (% of maximum)	100%	n/a[2]
Share award vesting (% of maximum)	n/a[3]	n/a[3]

1 From the date of Admission in March 2015.
2 Private Company when bonus plan implemented in 2015.
3 No awards were eligible to vest in respect of long-term performance ending in 2015 or 2016.

Percentage increase in the remuneration of the Chief Executive

The table shows the average increase in each component between the Chief Executive and the average employee in the Company from 2015 to 2016.

	Change in remuneration levels:	
Component	Chief Executive	Average employee
Salary	0%[1]	+3%
Benefits	0%	-7%
Bonus	n/a[2]	+47%

1 The Chief Executive's salary was set at Admission in March 2015 and has remained unchanged throughout 2016. Refer to page 66 for the salary increase effective 1 April 2016.
2 Private Company when bonus plan implemented in 2015.

Relative importance on the spend on pay

The following table shows the Group's actual spend on pay for all employees compared to distributions to shareholders. The average number of employees has also been included for context. Revenue and Underlying operating profit have also been disclosed as these are two key measures of Group performance.

	2016 £m	2015 £m	% change
Employee costs (see note 5 to the consolidated financial statements)	51.1	50.3	1.6%
Average number of employees (see note 5 to the consolidated financial statements)	854	898	(4.9%)
Revenue (see Consolidated income statement on page 84)	281.6	255.9	10.0%
Underlying operating profit (see page 30 for definition and reconciliation)	171.3	144.1	18.9%
Dividends paid and proposed (see note 25 to the consolidated financial statements)	15.0	–	n/a

Implementation of the remuneration policy for the year ending 31 March 2017

This section sets out how the Committee intends to implement the remuneration policy in the year ending 31 March 2017.

Base salary

The Executive Directors' salaries were reviewed in early 2016 with the changes becoming effective from 1 April 2016, and will next be reviewed in early 2017, with any changes becoming effective from 1 April 2017. The following table sets out the new salaries effective 1 April 2016 (financial year 2017) compared to those which applied in financial year 2016:

	2017	2016	Percentage change
Trevor Mather	£535,500	£525,000	+2%
Sean Glithero	£295,800	£290,000	+2%

For context, the increase in the salary budget for 2017 for the overall employee group was set at 4% (inclusive of merit and promotional increases).

Pension and benefits

Executive Directors will continue to receive a pension contribution at the rate of 5% of base salary, payable into the Company pension scheme or as a cash alternative. Ancillary benefits are provided in the form of private medical cover, life assurance and income protection insurance.

Annual bonus

As described in the Policy Report, Trevor Mather's maximum bonus opportunity is capped at 150% of base salary whilst Sean Glithero's is capped at 130% of base salary. Half of any bonus earned will be payable in shares, deferred for two years under the DABP.

The metrics and their weightings for the year ending 31 March 2017 are:

Metric	Percentage of total bonus
Underlying operating profit	75%
Strategic objectives	25%

In relation to the financial target, a challenging graduated scale will operate set around the 2017 business plan. For achievement of the threshold target, 20% of this part of the bonus opportunity becomes payable with the maximum becoming payable for outperforming the 2017 business plan.

The strategic targets relate to two key performance objectives for 2017. These are, as per 2016, the level of audience share we achieve versus our competitors during the year which will determine up to 12.5% of the total bonus opportunity and new product initiatives (the adoption of Managing Pillar products in the current financial year) which will also determine up to 12.5% of the total bonus opportunity. A financial underpin will apply to the strategic targets, such that no bonus will be payable if Underlying operating profit does not exceed the £171.3m achieved in 2016.

The specific targets themselves are commercially sensitive, but the Committee intends to disclose them in the next Annual Report on Remuneration provided they are no longer considered to be commercially sensitive at that time.

Performance Share Plan ('PSP')

The Committee's policy is to award Executive Directors annual PSP awards. The Committee intends to grant awards in the current financial year to Trevor Mather and Sean Glithero, at a level of 200% of salary and 150% of salary respectively. The performance metrics and their weightings for the award remain unchanged and are set out below:

Metric	Percentage of total PSP awards
Cumulative Underlying operating profit	75%
Relative Total Shareholder Return	25%

Each element will be assessed independently of the other as detailed opposite.

Cumulative Underlying operating profit

Cumulative Underlying operating profit will be defined as the sum of the Group's Underlying operating profit result over the three consecutive financial years ending on 31 March 2019.

The Committee considered a number of factors when setting the range of targets including internal planning, market expectations for the future performance of the Company and market practice in terms of target setting across the constituents of the FTSE 250 Index. The actual range of targets is commercially sensitive, but the Committee intends to disclose them in the next Annual Report on Remuneration provided they are no longer considered to be commercially sensitive at that time. The awards will vest according to the following schedule:

Cumulative Underlying operating profit performance achieved	Proportion of awards subject to Cumulative Underlying operating profit that vest
Below threshold	0%
Equal to threshold	25%
Stretch or above	100%
Pro-rata between the threshold and stretch performance targets	

Relative TSR

The performance condition applying to one quarter of PSP awards will be based on TSR performance over the three financial years ending 31 March 2019.

The TSR of the Company will be compared to that of the FTSE 250 Index (excluding investment trusts) over the performance period, and will vest according to the following schedule:

TSR performance relative to the FTSE 250 Index (excluding investment trusts)	Proportion of awards subject to TSR that vest
Below Index TSR	0%
Equal to Index TSR (threshold target)	25%
Equal to Index TSR plus 25% or above (stretch target)	100%
Pro-rata between threshold and stretch performance targets	

Consistent with market practice, a three month averaging period will normally apply for the purposes of calculating the start and end values for the purposes of measuring TSR.

Executive Directors will ordinarily be required to retain their net of tax number of vested shares delivered under the PSP for at least two years from the point of vesting.

Fees for the Chairman and Non-Executive Directors

The fee structure and levels were set on Admission. The fees were reviewed in early 2016 and were increased by 2% with effect from 1 April 2016. The Chairman and Non-Executive Directors' fees will next be reviewed in early 2017, with any increase becoming effective from 1 April 2017.

A summary of current fees is shown below:

Base fees	2017	2016	Percentage change
Chairman	£173,400	£170,000	+2%
Non-Executive Director	£53,550	£52,500	+2%
Additional fees			
Senior Independent Director	£9,180	£9,000	+2%
Audit Committee Chairman	£9,180	£9,000	+2%
Remuneration Committee Chairman	£9,180	£9,000	+2%

There is no additional fee payable to the Chairman of the Nomination Committee.

Directors' shareholding and share interests (Audited)

The Group has adopted formal shareholding guidelines in order to encourage Executive Directors to maintain a shareholding in the Company equivalent in value to 200% of salary for Trevor Mather and 150% of salary for Sean Glithero. If an Executive does not meet the guideline, they will be expected to retain at least half of the net shares vesting under the Company's discretionary share-based employee incentive schemes until the guideline is met. Both Executive Directors currently hold well in excess of this limit, as set out below.

The table below sets out the number of shares held or potentially held by Directors (including their connected persons where relevant) as at 27 March 2016.

Director	Beneficially owned shares[1]	Number of awards held under the PSP conditional on performance[2]	Target shareholding guideline (as a % of salary)	Percentage of salary held in shares as at 27 March 2016[3]
Executive Directors				
Trevor Mather	19,134,581	446,808	200%	1,421,062%
Sean Glithero	5,197,581	185,106	150%	698,806%
Non-Executive Directors				
Ed Williams	6,875,444	–	N/A	N/A
Jill Easterbrook	–	–	N/A	N/A
David Keens	–	–	N/A	N/A
Jeni Mundy	–	–	N/A	N/A

1 Includes shares owned by connected persons. Only beneficially owned shares count towards the shareholding guideline.
2 The first PSP awards were granted in June 2015 following the announcement of results.
3 Based on mid-market price at close of business on 27 March 2016.

On 6 April 2016, Trevor Mather disposed of 7,134,581 shares and Sean Glithero disposed of 1,600,000 shares at a price of £3.70 per share each. Following the disposal, as at the date of this report Trevor Mather (and his connected persons) beneficially own 12,000,000 shares and Sean Glithero beneficially owns 3,597,581 shares, representing 891,200% and 483,689% of salary respectively.

External directorships

Neither of the Executive Directors holds any external directorships.

Membership of the Committee

Jill Easterbrook is the Committee Chairman, and its other members are David Keens and Jeni Mundy. Refer to page 60 for further details of the membership of the Committee, the terms of reference, the meetings held and activities during the year.

External advisors

New Bridge Street ('NBS'), part of Aon plc, provides independent advice to, and was appointed by, the Committee. NBS were selected by the Committee due to their extensive experience of advising listed companies with respect to remuneration. The Committee seeks advice relating to the remuneration of Executive Directors, the wider senior management population and Non-Executive Directors' fees from NBS. Neither NBS nor Aon provide any other services to the Company.

The Committee is satisfied that the advice received by NBS in relation to executive remuneration matters during the year was objective and independent. Terms of engagement are available on request from the Company Secretary. NBS is a member of the Remuneration Consultants Group and abides by the Remuneration Consultants Group Code of Conduct, which requires its advice to be objective and impartial. The fees payable to NBS for providing advice in relation to executive remuneration over the financial year under review were charged on a time-spent basis, and were approximately £57,000.

Statement of shareholder voting

At the AGM in September 2015, we sought shareholder approval for two remuneration related resolutions. Firstly, binding approval was sought for the Remuneration Policy Report, and secondly an advisory approval for the Annual Report on Remuneration.

The voting outcomes were as follows:

Remuneration policy (binding)

	Number of votes cast	% of votes cast
Votes for	797,281,130	98.20
Votes against	14,637,737	1.80
Total votes cast (excluding abstentions)	811,918,867	
Abstentions	7,139,212	
Total votes (including abstentions)	819,058,079	

Annual Report on Remuneration (advisory)

	Number of votes cast	% of votes cast
Votes for	799,463,071	97.63
Votes against	19,423,817	2.37
Total votes cast (excluding abstentions)	818,886,888	
Abstentions	171,192	
Total votes (including abstentions)	819,058,080	

Approval

This Directors' remuneration report has been approved by the Board of Directors.

Signed on behalf of the Board of Directors.

Jill Easterbrook
Chairman of the Remuneration Committee
9 June 2016

Appendix: Summary remuneration policy

This part of the Directors' remuneration report sets out a summary of the full Remuneration Policy report that was approved by shareholders in September 2015.

For the full report, please refer to the 2015 Directors' remuneration report.

Policy overview

On Admission in March 2015, a new remuneration policy was adopted by the Committee. This policy is structured so as to ensure that the main elements of remuneration are linked to Company strategy, in line with best practice and aligned with shareholders' interests.

The policy is designed to reward Executive Directors by offering competitive remuneration packages, which are prudently constructed, sufficiently stretching and linked to long-term profitability. In promoting these objectives, the policy aims to be simple in design, transparent and structured so as to adhere to the principles of good corporate governance and appropriate risk management.

A further aim of the remuneration policy is to encourage a culture of share ownership by colleagues throughout the Company, and in support of this we have put in place both a SIP, under which an award of free shares to commemorate the Listing was granted, and an SAYE scheme.

The remuneration policy for Executive Directors

Our policy is designed to offer competitive, but not excessive, remuneration structured so that there is a significant weighting towards performance-based elements. A significant proportion of our variable pay is delivered in shares with deferral and holding periods being mandatory, and with appropriate recovery and withholding provisions in place to safeguard against overpayments in the event of certain negative events occurring. The table below provides a full summary of the policy elements for the Executive Directors.

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Salary	To recruit and reward executives of high calibre. Recognises individual's experience, responsibility and performance.	Salaries are normally reviewed annually with changes effective from 1 April. Salary reviews will consider: – personal performance; – Company performance; – individual's experience; and – increases elsewhere in the Company. Periodic account of practice in comparable companies in terms of size and complexity will be taken (e.g. the constituents of the FTSE 250 Index). The Committee considers the impact of any salary increase on the total remuneration package.	There is no prescribed maximum. However, the Committee is guided by the average annual increase of the workforce. Higher increases (in percentage of salary terms) may be awarded at the discretion of the Committee, for example (but not limited to): in relation to the change in size, scale or scope of an individual's role, following the appointment of a new executive to bring that executive's package in line with market over a number of years.	The Committee reviews the salaries of Executive Directors each year taking due account of all the factors described in how the salary policy operates.
Benefits	To provide competitive benefits to ensure the wellbeing of employees.	Executive Directors are entitled to the following benefits: – life assurance; – income protection insurance; and – private medical insurance. Executive Directors are also eligible to participate in all-employee share schemes on the same basis as other staff.	The value of benefits is not capped as it is determined by the insurance cost to the Company which may vary. However, the nature of the benefits is expected to remain unchanged.	N/A
Pension	To provide retirement benefits for employees.	Directors are eligible to receive employer contributions to the Company's pension plan (which is a defined contribution plan) or a salary supplement in lieu of pension benefits.	5% of salary p.a.	N/A

Element	Purpose and link to strategy	Operation and performance conditions	Maximum opportunity	Performance assessment
Annual bonus[1,2,3]	To incentivise and reward the achievement of annual financial and operational objectives which are closely linked to the corporate strategy.	The annual bonus is based predominantly on stretching financial and operational objectives as set at the beginning of the year and assessed by the Committee following the year end. Half of any bonus earned is subject to deferral in shares under the Deferred Annual Bonus Plan ('DABP'), typically for a period of two years. The deferred shares will vest subject to continued employment, but there are no further performance targets. A dividend equivalent provision allows the Committee to pay dividends, at the Committee's discretion, on vested shares (in cash or shares) at the time of vesting and may assume the reinvestment of dividends on a cumulative basis. Recovery and withholding provisions apply as described in note 1. These provisions apply in the event of material misstatement of results, an error in the calculation of bonus outcome or in instances of individual gross misconduct. Participation in the bonus plan, and all bonus payments, are at the discretion of the Committee.	The Chief Executive's bonus is capped at 150% of salary and the Finance Director's is capped at 130% of salary annually.	Financial measures will normally represent the majority of bonus, with clearly defined non-financial targets representing the balance (if any). With regards to financial targets, not more than 20% of this part of the bonus will be payable for achieving the relevant threshold hurdle. Where non-financial targets operate, it may not always be practicable to set targets on a graduated scale, where these operate not more than 33% will be payable for achieving the threshold target. Measures and weightings may change each year to reflect any year-on-year changes to business priorities.
Performance Share Plan ('PSP')[1,2,4]	To incentivise and recognise successful execution of the business strategy over the longer term. To align the long-term interests of Executives with those of shareholders.	Awards will normally be made annually under the PSP, and will take the form of nil-cost options or conditional share awards. Participation and individual award levels will be determined at the discretion of the Committee within the policy. Awards normally vest after three years subject to the extent to which the performance conditions specified for the awards are satisfied, and continued service. Recovery and withholding provisions apply as described in note 1. These provisions apply in the event of material misstatement of results, an error in the calculation of a vesting result or in instances of individual gross misconduct. As a minimum, Executive Directors will ordinarily be required to retain their net of tax number of vested shares delivered under the PSP for at least two years from the point of vesting.[5] A dividend equivalent provision allows the Committee to pay dividends, at the Committee's discretion, on vested shares (in cash or shares) at the time of vesting and may assume the reinvestment of dividends on a cumulative basis.	Normal maximum of 200% of salary. Exceptional circumstances maximum of 300% of salary.	A blend of performance metrics, including financial and total shareholder return, will be used. Financial metrics will comprise a majority of the awards. The metrics and weightings for each award will be set out in the Annual Report on Remuneration. The actual targets will be set out unless they are considered to be commercially sensitive. No more than 25% of the award vests for achieving threshold performance. 100% of the award vests for achieving maximum performance.
All-employee Share Plans: SIP & SAYE[6]	To encourage Group-wide equity ownership across all employees, and create a culture of ownership.	The Company has adopted two all-employee tax advantaged plans, namely a savings related share option scheme ('SAYE') and a Share Incentive Plan ('SIP') for the benefit of Group employees. The operation of these plans will be at the discretion of the Committee and Executive Directors will be eligible to participate on a consistent basis to other employees.	Maximum permitted savings based on HMRC limits from time to time.	N/A
Share ownership guidelines	To increase alignment between executives and shareholders.	Executive Directors are required to build and maintain a holding of shares in the Company. This is to be built through retaining a minimum of 50% of the net of tax vested PSP and DABP shares, until the guideline level is met.	At least 200% of salary for the Chief Executive and at least 150% of salary for the Finance Director, or such higher level as the Committee may determine from time to time.	N/A

1. Recovery and withholding provisions apply to variable pay, to enable the Company to recover amounts paid under the annual bonus and PSP in the event of the following negative events occurring within three years of the payment date: a material misstatement or restatement to the audited financial statements or other data; an error in the calculation leading to over-payment of bonus; or individual gross misconduct. Should such an event be suspected, there will be a further two years in which the Committee may investigate the event. The amount to be recovered would generally be the excess payment over the amount which would otherwise be paid, and recovery may be satisfied in a variety of ways, including through the reduction of outstanding deferred awards, reduction of the next bonus or PSP vesting and seeking a cash repayment.
2. In order to ensure that the remuneration policy is capable of achieving its intended aims, the Committee retains certain discretions over the operation of the variable pay policy. These include the ability to vary the operation of the plans in certain circumstances (such as a change of control, rights issue, corporate restructuring events or special dividend) including the timing and determination of pay-outs/vesting, and making appropriate adjustments to performance targets as necessary to ensure that performance conditions remain appropriate. However, it should be noted that in the event that the measures or targets are varied for outstanding awards in the light of a corporate event, the revised targets may not be materially less difficult to satisfy. Should these discretions be used, they would be explained in the Annual Report on Remuneration and may be subject to consultation with shareholders as appropriate.
3. Annual bonus performance measures are selected annually to reflect the Group's key strategic initiatives for the year and reflect both financial and non-financial objectives. A majority weighting is placed on financial performance, including a significant element being based on profit-based metrics, ensuring that pay-outs are closely linked to Company growth.
4. The use of a combination of internal financial performance and total shareholder return measures within the PSP is designed to ensure that rewards are linked to long-term shareholder value creation. The financial metrics chosen will be the measure or measures considered by the Committee at the time of each grant to be most likely to support the Company's long-term growth strategy. The use of TSR aligns with the Company's focus on shareholder value creation and rewards management for outperformance of sector peers.
5. In exceptional circumstances, the Committee may in its discretion allow participants to sell, transfer, assign or dispose of some or all of these shares before the end of the holding period.
6. Although eligible, the Executive Directors opted out of the offer of Free Shares made to all employees in April 2015.
7. A description of how the Company intends to implement the policy set out in this table for 2017 is set out in the Annual Report on Remuneration.

Service contracts and policy for payments on loss of office

The service contracts for the Executive Directors are terminable by either the Company or the Executive Director on 12 months' notice and make provision for early termination by way of payment of a cash sum equal to 12 months' salary, and pension.

Payment in lieu of notice can be paid either as a lump sum or in equal monthly instalments over the notice period, with mitigation. The Committee will consider the particular circumstances of each leaver on an individual basis and retains flexibility as to at what point, and the extent to which, payments are reduced.

At the discretion of the Committee, a contribution to reasonable outplacement costs in the event of termination of employment due to redundancy may also be made. A payment to the value of 12 months' contractual benefits may also be made. The Committee also retains the ability to reimburse reasonable legal costs incurred in connection with a termination of employment and may make a payment for any statutory entitlements or to settle or compromise claims in connection with a termination of any existing or future Executive Director as necessary.

Relevant details will be provided in the Annual Report on Remuneration should such circumstances apply.

In summary, the contractual provisions on termination where the Company elects to make a payment in lieu of notice are as follows:

Provision	Detailed terms
Notice period	12 months by either party.
Termination payments over the notice period	– 100% of salary. – 5% in respect of pension contributions.
Change of control	There are no enhanced provisions on a change of control.

The Executive Directors are subject to annual reappointment at the AGM.

Service contracts are available for inspection at the Company's registered office.

Annual bonus on termination

There is no automatic or contractual right to bonus payment. At the discretion of the Committee, for certain leavers, a pro-rata bonus may become payable at the normal payment date for the period of employment and based on full year performance. Should the Committee decide to make a payment in such circumstances, the rationale would be fully disclosed in the Annual Report on Remuneration.

PSP on termination

Share-based awards are outside of service contracts.

Normally, PSP awards will lapse upon a participant ceasing to hold employment. However, under the Rules of the PSP, in certain prescribed circumstances (namely, death, sale of employing company from the business or otherwise at the discretion of the Committee), 'good leaver' status can be applied. In exercising its discretion as to whether an Executive Director should be treated as a good leaver the Committee will take into account the performance of the individual and the reasons for their departure and, in the event of this determination being made, will set out its rationale in the following Annual Report on Remuneration.

The extent to which PSP awards will vest in good leaver circumstances will depend on:

(i) the extent to which the performance conditions have been satisfied at the relevant time; and

(ii) the pro-rating of the award determined by the period of time served in employment during the vesting period.

In such circumstances, PSP awards will usually vest on the normal vesting date. The Committee retains the discretion to reduce or eliminate time pro-rating, if it regards it to be appropriate in particular circumstances. However, if the time pro-rating is varied from the default position under the PSP Rules, an explanation will be set out in the following Annual Report on Remuneration. For the avoidance of doubt, the application of the performance condition may not be waived, although the Committee may at its discretion alter the date to which performance is measured (e.g. to the date of cessation of employment as opposed to over the full performance period).

Approach to recruitment and promotions

The recruitment package for a new Director would be set in accordance with the terms of the Company's approved remuneration policy. Currently, this would include an annual bonus opportunity of up to 150% of salary and policy PSP award of up to 200% of salary (other than in exceptional circumstances where up to 300% of salary may be made).

On recruitment, salary may (but need not necessarily) be set at a level below the normal market rate, with phased increases greater than those received by others as the executive gains experience. The rate of salary should be set so as to reflect the individual's experience and skills.

The Committee recognises that it may be necessary in some circumstances to compensate for amounts foregone from a previous employer (using Listing Rule 9.4.2). Any such compensatory award would be limited to what is felt to be a fair estimate of the value of remuneration foregone taking into account the value of the award, the extent to which performance conditions apply, the form of award and the time left to vesting.

For an internal appointment, any variable pay element awarded in respect of their prior role would normally be allowed to pay out according to its outstanding terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that, if they are outside the approved policy, they are put to shareholders for approval at the earliest opportunity.

For all appointments, the Committee may agree that the Company will meet certain appropriate relocation costs.

Policy on external appointments

Subject to Board approval, Executive Directors are permitted to take on one non-executive position with another company and to retain their fees in respect of such position. Details of outside directorships held by the Executive Directors and any fees that they received are provided in the Annual Report on Remuneration.

The remuneration policy for the Chairman and Non-Executive Directors

The Non-Executive Directors do not have service contracts with the Company, but instead have letters of appointment.

Element	Purpose and link to strategy	Operation	Maximum opportunity
Fees	To attract and retain the high-calibre Chairman and Non-Executive Directors by offering a market competitive fee level.	Fees are reviewed periodically and approved by the Board (or, in the case of the Chairman, by the Remuneration Committee), with Non-Executive Directors abstaining from any discussion in relation to their fees. Both the Chairman and the Non-Executive Directors are paid annual fees and do not participate in any of the Company's incentive arrangements, or receive any pension provision or other benefits. The Chairman receives a single fee covering all of his duties. The Non-Executive Directors receive a basic Board fee, with additional fees payable for chairing the Audit and Remuneration Committees and for performing the Senior Independent Director role. The Chairman and Non-Executive Directors shall be entitled to have reimbursed all expenses that they reasonably incur in the performance of their duties.	There is no prescribed maximum annual increase nor is there a cap on fees. The fee levels are reviewed on a periodic basis, with reference to the time commitment of the role and market levels in companies of comparable size and complexity.

Letters of appointment

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years, subject to annual re-appointment at the AGM. Appointment is terminable on six months' written notice. The appointment letters for the Non-Executive Directors provide that no compensation is payable upon termination of employment.

Letters of appointment are available for inspection at the Company's registered office.

Approach to recruitment

For the appointment of a new Chairman or Non-Executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

The Directors have pleasure in submitting their Report and the audited financial statements of Auto Trader Group plc (the 'Company') and its subsidiaries (together the 'Group') for the financial year to 27 March 2016.

Statutory information

Information required to be part of the Directors' report can be found elsewhere in this document, as indicated in the table below and is incorporated into this Report by reference:

Section of Annual Report	Page reference
Employee involvement	Strategic report; corporate social responsibility (page 40)
Employees with disabilities	Strategic report; corporate social responsibility (page 41)
Financial instruments	Note 2 to the consolidated financial statements
Future developments of the business	Strategic report (pages 2 to 43)
Greenhouse gas emissions	Corporate social responsibility (page 43)

Information required by LR 9.8.4 (R)

Information required to be included in the Annual Financial Report by LR 9.8.4 (R) can be found in this document as indicated in the table below:

Section of Annual Report	Page reference
Allotment of shares during the year	Directors' report (page 75) and note 23 to the consolidated financial statements
Directors' interests	Remuneration report (page 68)
Significant shareholders	Directors' report (page 76)
Going concern	Strategic report (page 35)
Long-term incentive schemes	Directors' remuneration report (pages 60 to 73)
Powers for the Company to buy back its shares	Directors' report (page 75)
Significant contracts	Directors' report (page 76)
Significant related party agreements	Directors' report (page 76) and note 30 to the consolidated financial statements
Statement of corporate governance	Corporate governance statement (pages 44 to 73)

Management report

This Directors' report, on pages 74 to 78, together with the Strategic report on pages 2 to 43, form the Management Report for the purposes of DTR 4.1.5R.

The Strategic report

The Strategic report, which can be found on pages 2 to 43, sets out the Group's strategy, objectives and business model; the development, performance and position of the Group's business (including financial and operating key performance indicators); a description of the principal risks and uncertainties; and the main trends and factors likely to affect the future development, performance and position of the Group's business.

UK corporate governance code

The Company's statement on corporate governance can be found in the Corporate governance statement, the Report of the Nomination Committee, the Report of the Audit Committee and the Directors' remuneration report on pages 44 to 73, all of which form part of this Directors' report and are incorporated into it by reference.

2016 Annual General Meeting

The Annual General Meeting ('AGM') will be held at 10.00 am on 22 September 2016 at the Company's registered office at 4th Floor, 1 Tony Wilson Place, Manchester, M15 4FN. The Notice of Meeting sets out the resolutions to be proposed and specifies the deadlines for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be passed at the AGM. All proxy votes will be counted and the numbers for, against or withheld in relation to each resolution will be announced at the AGM and published on the Company's website.

Board of Directors

The following individuals were Directors of the Company for the whole of the financial year ending 27 March 2016, and to the date of approving this report unless otherwise stated:

- Ed Williams
- Trevor Mather
- Sean Glithero
- David Keens (appointed on 1 May 2015)
- Jill Easterbrook (appointed on 1 July 2015)
- Jeni Mundy (appointed on 1 March 2016)
- Victor Perry III (resigned on 7 March 2016)
- Tom Hall (resigned on 7 March 2016)
- Nick Hartman (resigned on 7 March 2016)

All Directors will stand for election or re-election at the 2016 AGM in line with the recommendations of the Code.

Appointment and replacement of Directors

At each Annual General Meeting each Director then in office shall retire from office with effect from the conclusion of the meeting. When a Director retires at an Annual General Meeting in accordance with the Articles of Association of the Company, the Company may, by ordinary resolution at the meeting, fill the office being vacated by re-electing the retiring Director. In the absence of such a resolution, the retiring Director shall nevertheless be deemed to have been re-elected, except in the cases identified by the Articles.

Until 7 March 2016, the Company had a Relationship Agreement with Crystal A Holdco S.à.r.l. and Crystal B Holdco S.à.r.l., funds advised by Apax (the 'Apax Shareholders'), that it may appoint and remove two Non-Executive Directors to the Board for so long as the Apax Shareholders (and/or any of its associates, when taken together) hold 20% or more of the voting rights over the Company's shares, and one Non-Executive Director to the Board for so long as it (and/or any of its associates, when taken together) holds 10% or more but less than 20% of the voting rights over the Company's ordinary shares. On 26 February 2016, the Apax Shareholders disposed of shares such that their combined holding fell below 10% of the Company's issued share capital. Subsequently, the Apax Non-Executive Directors (Tom Hall and Nick Hartman) resigned from the Board with effect from 7 March 2016, and therefore the Relationship Agreement was terminated from that date.

Results and dividends

The Group's and Company's audited financial statements for the year are set out on pages 84 to 133

The Company declared an interim dividend on 13 November 2015 of 0.5 pence per share which was paid on 29 January 2016.

The Directors recommend payment of a final dividend of 1.0 pence per share (2015: £Nil) to be paid on 30 September 2016 to shareholders on the register of members at 2 September 2016, subject to approval at the 2016 AGM.

Amendment of the Articles

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders. No amendments are proposed to be made to the existing Articles of Association at the forthcoming AGM.

Authority to allot shares

Under the 2006 Act, the Directors may only allot shares if authorised to do so by shareholders in a general meeting. The authority conferred on the Directors at the 2015 AGM under section 551 of the 2006 Act expires on the date of the forthcoming AGM, and ordinary resolution 11 seeks a new authority to allow the Directors to allot ordinary shares up to a maximum nominal amount of £6,674,012 (667,401,167 shares, representing approximately two thirds of the Company's existing share capital at 9 June 2016), of which 333,650,531 shares (representing approximately one third of the Company's issued ordinary share capital) can only be allotted pursuant to a rights issue. The Directors have no present intention of exercising this authority which will expire at the conclusion of the AGM in 2017 or 21 December 2017 if earlier.

Authority to purchase own shares

As described in the Financial review on page 32, the Directors intend to commence a share buyback programme in the near future. By resolutions passed at the 2015 AGM the Company was authorised to make market purchases of up to 100,105,169 of its ordinary shares, subject to minimum and maximum price restrictions. This authority will expire at the conclusion of the forthcoming AGM. As at the date of this report, the Company has not exercised any powers to purchase the Company's ordinary shares. The Directors will seek authority from shareholders at the forthcoming AGM for the Company to purchase, in the market, up to a maximum of 100,105,169 of its own ordinary shares either to be cancelled or retained as treasury shares.

Share capital and control

The Company's issued share capital comprises ordinary shares of £0.01 each which are listed on the London Stock Exchange (LSE: AUTO.L). The ISIN of the shares is GB00BVYVFW23.

The issued share capital of the Company as at 27 March 2016 and 9 June 2016, comprises 1,001,051,699 of £0.01 each. Further information regarding the Company's issued share capital and details of the movements in issued share capital during the year are provided in note 23 to the Group's financial statements. All the information detailed in note 23 forms part of this Directors' report and is incorporated into it by reference.

Details of employee share schemes are provided in note 27 to the financial statements.

Capital reduction

During the year, the Company completed a reduction of share capital whereby the entire amount standing to the credit of the Company's share premium account, being £144,431,628, was cancelled and the nominal value of each issued ordinary share in the capital of the Company was reduced from £1.50 to £0.01. The reduction of capital was necessary in order to provide the Company with the distributable reserves required to support the dividend policy.

The capital reduction was approved by a special resolution passed at a general meeting of the Company on 18 March 2015, and was formally approved by the High Court of Justice, Chancery Division, on 29 July 2015. Following registration of the order of the High Court with Companies House, the Capital Reduction became effective on 29 July 2015.

Rights attaching to shares

All shares have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as set out in the Articles, described overleaf. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the shareholders have no rights to share in the profits of the Company. The Company's shares are not redeemable. However, following any grant of authority from shareholders, the Company may purchase or contract to purchase any of the shares on or off market, subject to the Companies Act 2006 and the requirements of the Listing Rules.

No shareholder holds shares in the Company which carry special rights with regard to control of the Company. There are no shares relating to an employee share scheme which have rights with regard to control of the Company that are not exercisable directly and solely by the employees, other than in the case of the Auto Trader Group Share Incentive Plan, where share interests of a participant in such scheme can be exercised by the personal representatives of a deceased participant in accordance with the Scheme rules.

Voting rights
Each ordinary share entitles the holder to vote at general meetings of the Company. A resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded. On a show of hands, every member who is present in person or by proxy at a general meeting of the Company shall have one vote. On a poll, every member who is present in person or by proxy shall have one vote for every share of which they are a holder. The Articles provide a deadline for submission of proxy forms of not than less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting. No member shall be entitled to vote at any general meeting either in person or by proxy, in respect of any share held by him, unless all amounts presently payable by him in respect of that share have been paid. Save as noted, there are no restrictions on voting rights nor any agreement that may result in such restrictions.

Restrictions on transfer of securities
The Articles do not contain any restrictions on the transfer of ordinary shares in the Company other than the usual restrictions applicable where any amount is unpaid on a share. Certain restrictions are also imposed by laws and regulations (such as insider trading and marketing requirements relating to close periods) and requirements of the Listing Rules whereby Directors and certain employees of the Company require Board approval to deal in the Company's securities.

On 18 March 2015, the Company entered into an underwriting agreement (the 'Underwriting Agreement') with the Directors, the Apax Shareholders, Merrill Lynch International and Deutsche Bank AG London Branch (the 'Joint Global Coordinators') and Merrill Lynch International, Deutsche Bank AG London Branch, J.P. Morgan Securities plc, Morgan Stanley & Co. International plc and Numis Securities Limited (the 'Underwriters'), in accordance with which the Apax Shareholders agreed not to dispose of any ordinary shares in the Company for a period of 360 days following Admission without the prior written consent of the Joint Global Coordinators; and each of the Directors agreed not to dispose of any ordinary shares for a period of 360 days following Admission without the prior written consent of the Joint Global Coordinators. Each member of the Operational Leadership Team also agreed with the Company not to dispose of any ordinary shares in the Company for a period of 360 days following Admission without the prior written consent of the Company. These agreements expired on 18 March 2016. All of the above arrangements are or were subject to certain customary exceptions.

Following the disposal of part of their shareholding in the Company on 6 April 2016, Trevor Mather and Sean Glithero each entered into a deed whereby they agreed not to dispose of any ordinary shares for a period of 90 days without the prior written consent of the Company, subject to certain customary exceptions.

Change of control
Save in respect of a provision of the Company's share schemes which may cause options and awards granted to employees under such schemes to vest on takeover, there are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) because of a takeover bid.

Significant contracts
The only significant agreements to which the Company is a party that take effect, alter or terminate upon a change of control of the Company following a takeover bid, and the effect thereof, are the Term Loan and Revolving Credit Facility agreements, which contain customary prepayment, cancellation and default provisions including, if required by a lender, mandatory prepayment of all utilisations provided by that lender upon the sale of all or substantially all of the business and assets of the Group or a change of control.

Interests in voting rights
At the year end the Company had been notified, in accordance with Chapter 5 of the Financial Conduct Authority's Disclosure and Transparency Rules, of the following significant interest in the issued ordinary share capital of the Company:

	At 27 March 2016		At 9 June 2016	
Shareholder	Number of ordinary shares/voting rights notified	Percentage of voting rights over ordinary shares of £0.01 each	Number of ordinary shares/voting rights notified	Percentage of voting rights over ordinary shares of £0.01 each
Blackrock Inc.	109,081,617	10.89%	119,863,385	11.97%

Transactions with related parties
Refer to note 30 of the consolidated financial statements for details of related party transactions in the year. The only material transactions with related parties during the year were:

- **Relationship Agreement:** The Relationship Agreement was entered into on 19 March 2015 between the Apax Shareholders and the Company, and its principal purpose was to ensure that the Company was capable at all times of carrying on its business independently of the Apax Shareholders. Subject to a certain minimum shareholding, the Relationship Agreement detailed the rights the Apax Shareholders had: to representation on the Board and Nomination Committee; to appoint observers to the Remuneration and Audit Committees; and to certain anti-dilution rights. The Company had also undertaken to cooperate with the Apax Shareholders in the event of a sale of the shares by either of the Apax Shareholders at any time following the IPO. This agreement was terminated on 7 March 2016 following the disposal of shares by the Apax Shareholders and the subsequent resignation of the Apax Non-Executive Directors from the Board.

Research and development

Innovation, specifically in software, is a critical element of Auto Trader's strategy and therefore of the future success of the Group. Accordingly, the majority of the Group's research and development expenditure is predominantly related to this area. Since 30 September 2013, the Group has changed its approach to technology development such that the Group now develops its core infrastructure through small-scale, maintenance-like incremental improvements, and as a result the amount of capitalised development costs has decreased as less expenditure meets the requirements of IAS 38 Intangible assets.

Indemnities and insurance

The Company maintains appropriate insurance to cover Directors' and officers' liability for itself and its subsidiaries and such insurance was in force for the whole of the financial year ending 27 Mach 2016. The Company also indemnifies the Directors under a qualifying indemnity for the purposes of section 236 of the Companies Act 2006: in the case of the Non-Executive Directors in their respective letters of appointment and in the case of the Executive Directors in a separate deed of indemnity. Such indemnities contain provisions that are permitted by the Director Liability provisions of the Companies Act and the Company's Articles.

Environmental

Information on the Group's greenhouse gas emissions is set out in the Corporate Social Responsibility section on page 43 and forms part of this report by reference.

Political donations

During the year, no political donations were made.

External branches

The Group had no active registered external branches during the reporting period.

Financial instruments

Details of the financial risk management objectives and policies of the Group, including hedging policies and exposure of the entity to price risk, credit risk, liquidity risk and cash flow risk are given in note 2 to the consolidated financial statements.

Disclosure of information to auditors

Each of the Directors has confirmed that:

(i) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

(ii) the Director has taken all the steps that he/she ought to have taken as a Director to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report, the Directors' remuneration report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union, and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the Group and parent company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed on page 74, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic report contained on pages 2 to 43 and the Directors' report contained on pages 74 to 78 include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Approval of Annual Report

The Strategic report and the Corporate governance report were approved by the Board on 9 June 2016.

Approved by the Board and signed on its behalf.

Sean Glithero
Company Secretary
9 June 2016

Independent auditors' report to the members of Auto Trader Group plc

Report on the Group financial statements

Our opinion

In our opinion, Auto Trader Group plc's Group financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's affairs as at 27 March 2016 and of its profit and cash flows for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

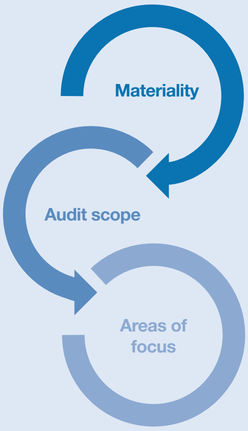
- the consolidated balance sheet as at 27 March 2016;
- the consolidated income statement for the period then ended;
- the consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross referenced from the financial statements and are identified as audited.

Our audit approach

Overview



- Overall group materiality: £7,756,000 which represents 5% of profit before tax.

- We conducted audit work over Auto Trader Group plc (the parent company), Auto Trader Limited (the Group's UK trading company) and Auto Trader Holding Limited (the Group's financing company) which together accounted for over 98% and 95% of Group revenue and profit before tax respectively.

- Accounting for share-based payment arrangements; and
- Continued implementation of new customer billing system (Singleview) and its impact on revenue recognition.

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)").

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole, and any comments we make on the results of our procedures should be read in this context. This is not a complete list of all risks identified by our audit.

Independent auditors' report to the members of Auto Trader Group plc continued

Area of focus	How our audit addressed the area of focus
Accounting for share-based payment arrangements Refer to page 55 of the Report of the Audit Committee, page 92 of the Statement of Accounting Policies and note 27 of the Consolidated Financial Statements. In the year the Group has implemented four share-based payment schemes for certain members of management and employees, which are accounted for under IFRS 2 'Share-based payment' ("IFRS 2"). A share-based payment charge of £2.5m (including associated national insurance costs) has been recognised within the consolidated income statement in the year. Determining the fair value of awards made under share-based payment arrangements is complex and requires the Directors to apply significant judgement as the assumptions used are inherently subjective. The key assumptions applied in determining the fair value of awards made in the year include the risk free rate, the volatility rate, the expected lapse rate for potential leavers and the expected achievement of financial performance measures associated with awards made. The Group engaged independent specialists to calculate the fair value of awards made using the Black-Scholes and Monte Carlo option pricing models. We focused our work on the key assumptions adopted by management and the appropriateness of the valuation methodologies applied.	We read the scheme rules for each of the four schemes implemented in the year to understand the terms and conditions attached to them, as well as confirming the number of share options granted and the date of grant, which were all consistent with the Directors' calculations and disclosures. We compared the risk free rate and volatility assumptions to externally derived data, as well as our own independently formed assessments in relation to these key inputs in order to assess whether the assumptions used were reasonable. All assumptions applied were in line with our independently formed assessments and within an acceptable range. We compared the expected lapse rate for employees leaving the business to historical trends within the business and consider the assumptions applied to be reasonable. We assessed the Directors' assessment of the likelihood of financial performance measures being achieved by comparing the assumptions to the Group's future trading and cash flow forecasts covering the relevant period, ensuring these were consistent with the forecasts used by the Directors in assessing going concern and in preparing the viability statement. No inconsistencies between the forecasts used were identified and the assumptions adopted were appropriate. We assessed the appropriateness of the option pricing models used to determine the fair values by the Group's independent specialists. The Black-Scholes model was applied for schemes, or elements of schemes, which had only non-market performance conditions and the Monte Carlo model was used where market based performance conditions were in place. The use of these pricing models was consistent with our expectations given the performance conditions attached to the share awards and accepted market practices. We considered the appropriateness of the presentation of the share-based payment charge as a non-underlying expense. We determined that this presentation was appropriate because the Group plans to make awards each year between now and 2018, and the income statement expense will only reflect a steady state once three years of awards have been made. Accordingly, we believe adjusting for the share-based payment charge in the income statement will provide greater comparability of performance to the user of the financial statements.
Continued implementation of new customer billing system (Singleview) and its impact on revenue recognition The Group began the implementation of a new billing system, Singleview, in 2013, and this has continued to be rolled out throughout the 2016 financial year, with the majority of the Group's largest customers being migrated to Singleview in the 2016 financial year. The implementation and roll out of Singleview gives rise to a heightened risk over the recording of revenue. The risk was identified in respect of three areas, as follows: • The risk that data is not accurately migrated between the legacy system and Singleview resulting in incorrect customer billing information; • The risk that access to Singleview is not appropriately controlled and managed such that changes to billing data could be made inaccurately or in error; and • The risk that billing data held within Singleview does not interface completely and accurately with the Group's other financial reporting systems. All of these areas of risk could result in misstatements in the recording of revenues.	We performed testing over IT general controls in place over Singleview and the Group's other key financial reporting systems which focused on controls covering system changes, systems operations and user access and user rights. Testing over the controls in operations did not identify any significant control deficiencies. While we did identify some minor control deficiencies, these did not significantly impact our audit plan. We obtained an understanding of the processes in place and performed testing over the controls in operation over the migration of data to Singleview. The controls tested included reconciliations performed by management of data and billing information between Singleview and the legacy billing system and reviews performed by management of exception reports from Singleview designed to identify errors in billing data arising from data transfer. From our work performed no issues were identified. We performed testing over system interfaces between the Singleview system and the Group's other financial reporting system. This included reviews of exception reports designed to identify errors in the automatic transfer of billing data between the systems and performed detailed testing over the reconciliations of revenue between the Singleview system and the Group's financial reporting systems, with no exceptions being identified. We performed testing over a sample of revenue transactions back to customer contracts and rate cards which verified the accuracy of billing data contained within Singleview. We found that, following the implementation of Singleview, the accuracy of revenue recorded was supported by the evidence obtained.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises the following entities:

- Auto Trader Limited and Webzone Limited being the Group's trading entities which are based in the UK and the Republic of Ireland respectively;
- Auto Trader Group plc, the parent company of the Group;
- Three active holding companies, one based in the UK (Auto Trader Holding Limited) and two based in the Republic of Ireland; and
- 24 UK based dormant holding companies which are in the process of being liquidated.

The Group audit team in the UK performed an audit of the complete financial information of Auto Trader limited, Auto Trader Group plc and Auto Trader Holding Limited, which we regarded as financially significant components of the Group. These components accounted for over 98% and 95% of the Group's revenue and profit before tax for the period.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall Group materiality	£7,756,000
How we determined it	5% of profit before tax.
Rationale for benchmark applied	Profit from continuing operations before tax is the key measure used both by the Board and externally by shareholders in evaluating the performance of the Group.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £388,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern
Under the Listing Rules we are required to review the Directors' statement, set out on page 35, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the financial statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Group has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's ability to continue as a going concern.

Other required reporting

Consistency of other information
Companies Act 2006 opinion

In our opinion, the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting
Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• information in the Annual Report is: – materially inconsistent with the information in the audited financial statements; or – apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or – otherwise misleading.	We have no exceptions to report.
• the statement given by the Directors on pages 55 to 56, in accordance with provision C.1.1 of the UK Corporate Governance Code (the "Code"), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit.	We have no exceptions to report.
• the section of the Annual Report on pages 55 and 56, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report.

Independent auditors' report to the members of Auto Trader Group plc continued

The Directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

• the Directors' confirmation on page 33 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.	We have nothing material to add or to draw attention to.
• the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.	We have nothing material to add or to draw attention to.
• the Directors' explanation on page 35 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.	We have nothing material to add or to draw attention to.

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the Directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Corporate governance statement

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to 10 further provisions of the Code. We have nothing to report having performed our review.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' responsibilities statement set out on pages 77 and 78, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We have reported separately on the Company financial statements of Auto Trader Group plc for the 52 week period ended 27 March 2016 and on the information in the Directors' remuneration report that is described as having been audited.

Matthew Hall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

9 June 2016

Consolidated income statement

For the year ended 27 March 2016

Continuing operations	Note	2016 £m	2015 £m
Revenue	3	**281.6**	255.9
Administrative expenses	4	**(112.0)**	(122.8)
Operating profit before share-based payments and associated NI, management incentive plans and exceptional items		**171.3**	144.1
Share-based payments and associated NI	3, 27	**(2.5)**	(3.7)
Management incentive plans	3	**–**	(1.9)
Exceptional items	3, 4	**0.8**	(5.4)
Operating profit	4	**169.6**	133.1
Finance income	8	**–**	0.1
Finance costs	8	**(14.6)**	(122.3)
Profit before taxation		**155.0**	10.9
Taxation	9	**(28.3)**	(2.4)
Profit for the year from continuing operations attributable to equity holders of the parent		**126.7**	8.5
Discontinued operations			
Profit for the year from discontinued operations attributable to equity holders of the parent	7	**–**	1.9
Profit for the year attributable to equity holders of the parent		**126.7**	10.4
Basic earnings per share	10		
From continuing operations (pence per share)		**12.67**	0.85
From discontinued operations (pence per share)		**–**	0.19
From profit for the year (pence per share)		**12.67**	1.04
Diluted earnings per share	10		
From continuing operations (pence per share)		**12.65**	0.85
From discontinued operations (pence per share)		**–**	0.19
From profit for the year (pence per share)		**12.65**	1.04

Consolidated statement of comprehensive income

For the year ended 27 March 2016

	2016 £m	2015 £m
Profit for the year	**126.7**	10.4
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
IFRS 2 – share-based payments credit	**–**	0.5
	–	0.5
Items that may be subsequently reclassified to profit or loss		
Cash flow hedges, net of tax	**–**	0.5
Currency translation differences	**0.5**	(0.7)
	0.5	(0.2)
Other comprehensive income for the year, net of tax	**0.5**	0.3
Total comprehensive income for the year attributable to equity holders of the parent	**127.2**	10.7

Consolidated balance sheet

At 27 March 2016

	Note	2016 £m	2015 £m
Assets			
Non-current assets			
Intangible assets	11	**323.4**	330.0
Property, plant and equipment	12	**7.4**	8.5
Deferred taxation assets	21	**4.3**	4.6
		335.1	343.1
Current assets			
Trade and other receivables	15	**51.7**	49.0
Cash and cash equivalents	17	**10.4**	22.1
		62.1	71.1
Assets of disposal group classified as held for sale	16	**0.3**	0.3
		62.4	71.4
Total assets		**397.5**	414.5
Equity and liabilities			
Equity attributable to equity holders of the parent			
Ordinary shares	23	**10.0**	1,500.0
Share premium account		**–**	144.4
Retained earnings		**970.9**	(789.1)
Capital reorganisation reserve		**(1,060.8)**	(1,060.8)
ESOT reserve	24	**(1.5)**	–
Other reserves		**29.9**	29.4
Total equity		**(51.5)**	(176.1)
Liabilities			
Non-current liabilities			
Borrowings	19	**395.6**	540.7
Deferred taxation liabilities	21	**0.3**	0.6
Retirement benefit obligations	22	**–**	–
Provisions for other liabilities and charges	20	**1.1**	2.3
		397.0	543.6
Current liabilities			
Trade and other payables	18	**36.6**	40.4
Current income tax liabilities		**14.9**	2.7
Provisions for other liabilities and charges	20	**0.5**	3.9
		52.0	47.0
Total liabilities		**449.0**	590.6
Total equity and liabilities		**397.5**	414.5

The financial statements from pages 84 to 123 were approved by the Board of Directors and authorised for issue.

Sean Glithero
Finance Director
9 June 2016

Auto Trader Group plc Registered number 09439967

Consolidated statement of changes in equity

For the year ended 27 March 2016

	Note	Share capital £m	Share premium account £m	Retained earnings £m	ESOT reserve £m	Capital reorganisation reserve £m	Other reserves £m	Total equity £m
Balance at March 2014		**175.8**	**1.5**	**(1,023.2)**	**–**	**–**	**95.3**	**(750.6)**
Profit for the year		–	–	10.4	–	–	–	10.4
Other comprehensive income:								
Cash flow hedges, net of tax		–	–	0.5	–	–	–	0.5
IFRS 2 – share-based payments credit		–	–	0.5	–	–	–	0.5
Currency translation differences		–	–	–	–	–	(0.7)	(0.7)
Total comprehensive income/(loss), net of tax		–	–	11.4	–	–	(0.7)	10.7
Transactions with owners:								
IFRS 2 – share-based payments credit		–	–	3.7	–	–	–	3.7
Roll-up of preference share dividend prior to Group restructure		0.2	–	(0.2)	–	–	–	–
Repurchase and cancellation of ordinary share capital		(0.1)	–	(20.9)	–	–	0.1	(20.9)
Premium on ordinary share capital issued prior to Group restructure		–	1.1	–	–	–	–	1.1
Preference share capital issued prior to Group restructure		1.8	–	–	–	–	0.7	2.5
Dividends paid prior to Group restructure		–	–	(3.6)	–	–	–	(3.6)
Capital transaction – Group restructure, share-for-share exchange and issue of Auto Trader Group plc shares		1,322.3	141.8	243.7	–	(1,060.8)	(66.0)	581.0
Total transactions with owners, recognised directly in equity		1,324.2	142.9	222.7	–	(1,060.8)	(65.2)	563.8
Balance at March 2015		**1,500.0**	**144.4**	**(789.1)**	–	**(1,060.8)**	**29.4**	**(176.1)**
Profit for the year		–	–	126.7	–	–	–	126.7
Other comprehensive income:								
Currency translation differences		–	–	–	–	–	0.5	0.5
Total comprehensive income, net of tax		–	–	126.7	–	–	0.5	127.2
Transactions with owners								
IFRS 2 – share-based payments	27	–	–	2.3	–	–	–	2.3
Deferred tax on share-based payments	21	–	–	0.1	–	–	–	0.1
Issue of share capital	23	1.6	–	(1.6)	–	–	–	–
Capital reduction	23	(1,491.6)	(144.4)	1,636.0	–	–	–	–
Interim dividend	25	–	–	(5.0)	–	–	–	(5.0)
Acquisition of shares by ESOT	24	–	–	1.6	(1.6)	–	–	–
Transfer of shares from ESOT		–	–	(0.1)	0.1	–	–	–
Total transactions with owners, recognised directly in equity		(1,490.0)	(144.4)	1,633.3	(1.5)	–	–	(2.6)
Balance at March 2016		**10.0**	**–**	**970.9**	**(1.5)**	**(1,060.8)**	**29.9**	**(51.5)**

Consolidated statement of cash flows

For the year ended 27 March 2016

	Note	2016 £m	2015 £m
Cash flows from operating activities			
Cash generated from operations before exceptional operating items		**184.4**	154.8
Cash flows from exceptional operating items (excluding IPO fees) – continuing		**(4.3)**	(9.8)
Cash flows from exceptional operating items – discontinued		**–**	(0.2)
Cash generated from operations	26	**180.1**	144.8
Tax paid		**(16.0)**	(4.7)
Net cash generated from operating activities		**164.1**	140.1
Cash flows from investing activities			
Purchases of intangible assets – financial systems		**(0.5)**	(1.9)
Purchases of intangible assets – other		**(0.3)**	(0.4)
Purchases of property, plant and equipment – continuing		**(2.3)**	(6.8)
Proceeds from sale of property, plant and equipment		**0.1**	–
Proceeds from sale of assets held for sale – discontinued		**–**	3.5
Bank deposit and other interest received		**0.1**	0.1
Net cash used in investing activities		**(2.9)**	(5.5)
Cash flows from financing activities			
Proceeds from issue of ordinary shares following the Group restructure		**–**	460.3
Proceeds from issue of ordinary shares prior to the Group restructure		**–**	3.7
Dividends paid to Company's shareholders	25	**(5.0)**	–
Loan to Company's shareholders prior to the Group restructure		**–**	(19.3)
Repayment of former Senior and Junior Debt	19	**–**	(990.4)
Drawdown of Syndicated Term Loan	19	**–**	550.0
Repayment of Syndicated Term Loan	19	**(147.0)**	–
Payment of IPO costs		**(8.3)**	(15.3)
Payment of Syndicated Term Loan arrangement fees	19	**–**	(9.4)
Early repayment fees		**–**	(29.4)
Payment of former Senior and Junior Debt refinancing fees		**–**	(2.1)
Payment of interest on borrowings and hedging instruments		**(12.6)**	(73.2)
Net cash used in financing activities		**(172.9)**	(125.1)
Net (decrease)/increase in cash and cash equivalents		**(11.7)**	9.5
Cash and cash equivalents at beginning of year	17	**22.1**	12.6
Cash and cash equivalents at end of year	17	**10.4**	22.1

Notes to the consolidated financial statements

General information

Auto Trader Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on the inside back cover.

1. Accounting policies

Basis of preparation

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial information presented is at and for the 52-week financial years ended 29 March 2015 and 27 March 2016. Financial year ends have been referred to as 31 March throughout the consolidated financial statements as per the Company's accounting reference date. Financial years are referred to as 2016 and 2015 in these consolidated financial statements.

On 24 March 2015, the Company obtained control of the entire share capital of Auto Trader Holding Limited via a share-for-share exchange. There were no changes in rights or proportion of control exercised as a result of this transaction. Although the share-for-share exchange resulted in a change of legal ownership, this was a common control transaction and therefore outside the scope of IFRS 3. The comparative year disclosed in these consolidated financial statements reflects the continuation of the pre-existing Group, headed by Auto Trader Holding Limited, and have been prepared applying the principles of predecessor accounting ownership.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'), IFRS Interpretation Committee ('IFRS IC'), certain interpretations as adopted by the EU, and the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

Going concern

The Directors, after making enquiries and on the basis of current financial projections and facilities available, believe that the Group has adequate financial resources to continue in operation for a period not less than 12 months from the date of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The accounting estimates believed to require the most difficult, subjective or complex judgements and which are the most critical to the reporting of results of operations and financial positions are as follows:

- carrying values of goodwill;
- share-based payments; and
- capitalised development spend.

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, which require the use of estimates, see note 11.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The fair value of services received in return for share options is calculated with reference to the fair value of the award on the date of grant. Black-Scholes and Monte Carlo models have been used where appropriate to calculate the fair value and the Directors have therefore made estimates with regards to the inputs to that model and the period over which the share award is expected to vest (note 27).

Costs incurred in developing new products are capitalised in accordance with the Group's accounting policy for software and website development costs (note 11). Determining the amounts to be capitalised requires management to make assumptions and estimates regarding the expected future cash generation of the software products or websites and the expected period of benefits to be received.

1. Accounting policies continued

New accounting standards and IFRS IC interpretations

The Group has adopted the following new and amended IFRSs in 2016 in the consolidated financial statements. There has not been a material impact to the Group when adopting these new and amended IFRSs:

- Annual improvements 2010-2012 (effective 1 July 2014) (endorsed for 1 February 2015)
- Amendment to IAS 19, 'Employee benefits', on defined benefit plans (effective 1 July 2014) (endorsed for 1 February 2015)
- Annual improvements 2011-2013 (effective 1 July 2014) (endorsed for 1 January 2015)
- IFRIC 21, 'Levies' (effective 1 January 2014) (endorsed 17 June 2014)

The following standards and interpretations were issued by the IASB and IFRS IC, but have not been adopted either because they were not endorsed by the EU at 31 March 2016 or they are not yet mandatory and the Group has not chosen to early-adopt them. The impact on the Group's financial statements of the future standards, amendments and interpretations is still under review, but the Group does not expect any of these changes to have a material impact on the results or the net assets of the Group:

- Annual improvements 2012-2014 (effective 1 January 2016)
- Amendment to IFRS 11, 'Joint arrangements on acquisition of an interest in a joint operation', (effective 1 January 2016) (subject to EU endorsement)
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation (effective 1 January 2016) (subject to EU endorsement)
- Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants (effective 1 January 2016) (subject to EU endorsement)
- Amendments to IAS 27, 'Separate financial statements' on equity accounting (effective 1 January 2016) (subject to EU endorsement)
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption (effective 1 January 2016) subject to EU endorsement
- Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative (effective 1 January 2016) (subject to EU endorsement)
- IFRS 9, 'Financial Instruments' (effective 1 January 2018)
- IFRS 15, 'Revenue from Contracts with customers' (effective 1 January 2018)
- IFRS 16, 'Leases' (effective 1 January 2019)

Basis of consolidation
The Group's consolidated financial statements consolidate the financial statements of Auto Trader Group plc and all of its subsidiary undertakings.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Costs directly attributable to the acquisition are expensed. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intercompany transactions and balances between Group companies are eliminated on consolidation.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Where significant influence is not demonstrated but the shareholding is between 20% and 50% the Group would account for its interest as an investment. All investments are initially recognised at cost and the carrying value is reviewed for impairment.

Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Operational Leadership Team that makes strategic decisions (note 3).

Revenue recognition
Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is stated net of discounts, rebates, returns and value-added tax.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transactions and the specifics of each arrangement.

Revenue comprises:

- fees for advertising on the Group's website and web-related activities, which are recognised on a straight-line basis as the service is provided; and
- retailer website build and hosting subscription fees, maintenance contracts and other subscription fees, which where invoiced in advance are deferred and recognised on a straight-line basis over the period to which they relate.

Discontinued operations
The closure of the magazines division in the UK and Ireland at the end of June 2013 has been presented as a discontinued operation (note 7).

Dividend distribution
Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

1. Accounting policies continued

Employee benefits

The Group operates several pension schemes and all except one are defined contribution schemes. Within the UK all pension schemes set up prior to 2001 have been closed to new members and only one defined contribution scheme is now open to new employees.

a) Defined contribution scheme

The assets of the defined contribution scheme are held separately from those of the Group in independently administered funds. The costs in respect of this scheme are charged to the income statement as incurred.

b) Defined benefit scheme

The Group operates one defined benefit pension scheme that is closed to new members. The asset or liability recognised in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of the scheme's assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating those of the related pension liability. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in 'other comprehensive income' in the period in which they arise. Any scheme surplus (to the extent it can be recovered) or deficit is recognised in full on the balance sheet.

c) Share-based payments

Equity-settled awards are valued at grant date, and the difference between the grant date fair value and the consideration paid by the employee is charged as an expense in the income statement spread over the vesting period. Fair value of the awards are measured using Black-Scholes and Monte Carlo pricing models. The credit side of the entry is recorded in equity. Cash-settled awards are revalued at each reporting date with the fair value of the award charged to the profit and loss account over the vesting period and the credit side of the entry recognised as a liability. Movements in provisions for bad leavers are taken through reserves.

Non-underlying items

Significant items of income and expense that do not relate to the trading of the Group are disclosed as 'non-underlying'. Examples of such items are exceptional items, share-based payments and associated NI, management incentive plans (relating to the change of ownership structure) and impairment charges.

Exceptional items

Significant non-recurring items of income and expense are disclosed as 'exceptional items'. Examples of items that may give rise to disclosure as exceptional items include costs of major restructuring and reorganisation of the business, corporate refinancing and restructuring costs, gains on the early extinguishment of borrowings or impairments of intangible assets, property, plant and equipment, as well as the reversal of such writedowns or impairments, material disposals of property, plant and equipment and litigation settlements. A full analysis of exceptional items is provided in note 4 and note 8.

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in sterling (£), which is the Group's presentation currency, and rounded to the nearest hundred thousand (£0.1m) except when otherwise indicated.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement within administrative expenses.

c) Group companies

The results and financial position of all Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency other than sterling are translated into sterling as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet; and
- income and expenses for each income statement are translated at average exchange rates.

On the disposal of a foreign operation, the cumulative exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Intangible assets

a) Goodwill

Goodwill represents the excess cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses are charged to the income statement and are not reversed. The gain or loss on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

b) Trademarks, trade names, technology and customer relationships

Separately acquired trademarks, trade names, technology and customer relationships are recognised at historical cost. They have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of between one and 15 years. Trademarks, trade names, technology and customer relationships acquired in a business combination are recognised at fair value at the acquisition date and subsequently amortised.

c) Software

Acquired computer software is capitalised at cost, including any costs to bring it into use, and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life of three to five years.

d) Software and website development costs and financial systems

Development costs that are directly attributable to the design and testing of identifiable and unique software products, websites and systems controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product or website so that it will be available for use;
- management intends to complete the software product or website and use or sell it;
- there is an ability to use or sell the software product or website;
- it can be demonstrated how the software product or website will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product or website are available; and
- the expenditure attributable to the software product or website during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product, website or system include employee and contractor costs.

Other development expenditures that do not meet these criteria as well as ongoing maintenance and costs associated with routine upgrades and enhancements are recognised as an expense as incurred.

Development costs for software, websites and systems are carried at cost less accumulated amortisation and are amortised over their useful lives (not exceeding five years) at the point in which they come into use.

Property, plant and equipment

All property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost comprises the purchase price of the asset and expenditure directly attributable to the acquisition of the item.

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost less their estimated residual values over the estimated useful lives as follows:

Land, buildings and leasehold improvements:

• Freehold buildings	50 years
• Leasehold land and buildings	life of lease
• Leasehold improvements	life of lease
• Plant and equipment	3–10 years

Notes to the consolidated financial statements continued

1. Accounting policies continued

Assets in the course of construction are recorded separately within property, plant and equipment and are transferred to the appropriate classification when complete and depreciated from the date they are brought into use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The carrying value of assets is reviewed for impairment if events or changes in circumstances suggest that the carrying value may not be recoverable. Assets will be written down to their recoverable amount if lower than the carrying value, and any impairment is charged to the income statement.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement within 'administrative expenses'.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then to reduce the carrying amount of other assets in the unit (or group of units) on a pro-rata basis.

Assets and liabilities (or disposal groups) held for sale

Assets and liabilities (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. On classification as held for sale, they are stated at the lower of carrying amount and fair value less costs to sell. Impairment losses are included in the income statement, as are any gains and losses on subsequent re-measurement.

Financial assets

The Group classifies its financial assets in the categories of loans and receivables and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. Loans and receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Financial assets measured at fair value are those held for trading or designated at fair value through profit or loss. Derivatives are categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. Financial assets carried at fair value through the profit or loss account are initially recognised at fair value, and transaction costs are expensed in the income statement. They are subsequently re-measured to fair value and gains or losses arising from changes in the fair value are recognised in the income statement in the period in which they arise.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that this event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is credited to the income statement.

Derivative financial instruments and hedging

The Group used derivative financial instruments in the year ended 31 March 2015 to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Group does not use derivative financial instruments for speculative purposes.

Derivatives were initially recognised at fair value on the contract date and were subsequently re-measured at their fair value. Changes in the fair value of instruments that do not qualify for hedge accounting were recognised in the income statement as they arose.

The Group documented at the inception of the transaction the relationship between the hedging instrument and the hedged item. The Group also documented its assessment, both at hedge inception and on an ongoing basis, of whether the derivative used in the hedging transactions was highly effective in offsetting changes in the cash flows of the hedged item.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in 'other comprehensive income'. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'finance costs'. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects the profit or loss.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, short-term deposits held on call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in 'current liabilities' on the balance sheet.

Trade payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and are subsequently carried at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

Finance and issue costs associated with the borrowings are charged to the income statement using the effective interest rate method from the date of issue over the estimated life of the borrowings to which the costs relate.

Borrowings are derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, such that the difference in respective carrying amounts together with any costs or fees incurred are recognised in the income statement.

The buyback of bank borrowings represents the discharge of the obligation to repay the debt. The difference between the carrying amount of the financial liability extinguished and the consideration paid is recognised as an exceptional gain in the income statement, as it is a significant non-recurring item.

Preference shares are treated as borrowings where in substance they have the features of debt instruments; otherwise they are classified as equity. The related dividends are recognised as an interest expense for debt instruments and as dividends for equity instruments.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Notes to the consolidated financial statements continued

1. Accounting policies continued

Provisions

A provision is recognised when a present legal or constructive obligation exists at the balance sheet date as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of that obligation can be made. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate the risks specific to the obligation.

Contingent liabilities are not recognised but are disclosed unless an outflow of resources is remote. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Taxation

The tax expense for the period comprises current and deferred taxation. Tax is recognised in the income statement, except to the extent that it relates to items recognised in 'other comprehensive income' or directly in equity. In this case the tax is also recognised in 'other comprehensive income' or directly in equity, respectively. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current taxation is provided at amounts expected to be paid (or recovered) calculated using the rates of tax and laws that have been enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred taxation is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred taxation assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxation assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

Share capital

Ordinary shares are classified as equity. Preference shares are classified as liabilities where in substance they have features of debt instruments, otherwise they are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Where the Group purchases its own equity share capital, the consideration paid is deducted from equity attributable to the Group's shareholders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received is included in equity attributable to the equity holders of the parent company until the shares are cancelled or reissued.

Share premium and other reserves
The amount subscribed for the ordinary shares in excess of the nominal value of these new shares is recorded in 'share premium'. The amount subscribed for the preference shares in excess of the nominal value of these new preference shares is recorded in 'other reserves'.

Costs that directly relate to the issue of ordinary shares are deducted from share premium net of corporation tax.

The capital reorganisation reserve arises on consolidation as a result of the share-for-share exchange on 24 March 2015. It represents the difference between the nominal value of shares issued by Auto Trader Group plc in this transaction and the share capital and reserves of Auto Trader Holding Limited.

Earnings per share
The Group presents basic and diluted earnings per share ('EPS') for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted EPS, the weighted average number of ordinary shares is adjusted to assume conversion of all dilutive potential ordinary shares.

As explained in the basis of preparation accounting policy, the Group's financial statements reflect the continuation of the pre-existing Group headed by Auto Trader Holding Limited. The 2015 weighted average number of shares has been stated as the weighted average number of shares in the period from the date of the Group capital reorganisation to the balance sheet date.

A reconciliation of the adjusted and alternative measure to the statutory measure required by IFRS is given in note 10.

Shares held by the Employee Share Option Trust
The Employee Share Option Trust ('ESOT') provides for the issue of shares to Group employees principally under share option schemes. The Group has control of the ESOT and therefore consolidates the ESOT in the Group financial statements. Accordingly, shares in the Company held by the ESOT are included in the balance sheet at cost as a deduction from equity.

2. Financial risk management

a) Financial risk factors
In the course of its business the Group is exposed to market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and technology risk. The Group's overall risk management strategy is to minimise potential adverse effects on the financial performance and net assets of the Group. These policies are set and reviewed by senior finance management and all significant financing transactions are authorised by the Board of Directors.

Market risk
i. Foreign exchange risk

The Group has no significant foreign exchange risk as 98% of the Group's revenue and 97% of costs are sterling-denominated.

The Group operates in Ireland. Foreign-currency-denominated net assets of overseas operations are not hedged as they represent a relatively small proportion of the Group's net assets. The Group operates a dividend policy ensuring any surplus cash is remitted to the UK and translated into sterling thereby minimising the impact of exchange volatility.

ii. Interest rate risk

The Group's interest rate risk arises from long-term borrowings under the new Syndicated Term Loan subject to floating rates of interest linked to LIBOR. Prior to the Group restructure in March 2015 the Group also had interest rate risk from borrowings under the former Syndicated Bank Loan ('former Senior Debt'), the Goldman Sachs Mezzanine Partners ('GSMP') Junior Debt ('former Junior Debt') and Shareholder Loan Notes subject to floating rates of interest linked to LIBOR.

Prior to the Group restructure interest rate risk on the bank borrowings was managed by using interest rate swaps to convert £335.0m of the debt from floating to fixed rates. Under the interest rate swaps the Group agreed with the other party to exchange on a monthly basis the difference between the fixed contract rate and the floating rate interest amounts calculated by reference to the agreed notional amounts.

The interest rate swaps held by the Group were settled as part of the Group restructure and were not replaced by any similar arrangements. The Group monitors interest rates on an ongoing basis but does not currently hedge interest rate risk.

Notes to the consolidated financial statements continued

2. Financial risk management continued

iii. Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. The Group has dedicated standards, policies and procedures to control and monitor all such risks. Although the Group is potentially exposed to credit loss in the event of non-performance by counterparties, such credit risk is controlled through credit rating reviews of the counterparties and by limiting the total amount of exposure to any one party. The Group does not believe it is exposed to any material concentrations of credit risk. As an example, the Group's borrowings are arranged with a syndicate of major banks and are committed until 2020.

Credit risk relating to trade receivables is managed centrally and the credit risk for new customers is analysed before standard payment terms and conditions are offered. Policies and procedures exist to ensure that existing customers have an appropriate credit history and a significant number of balances are prepaid or collected via direct debit. Sales to private customers are primarily settled using major debit or credit cards which reduces the risk in this area. Overall, the Group considers that it is not exposed to a significant amount of either customer credit or bad debt risk, due to the diversified and fragmented nature of the customer base.

The cost of bad debts for the year ended 31 March 2016 was 0.8% of revenue (for the year ended 31 March 2015: 0.8%).

iv. Liquidity risk

Cash flow forecasting is performed centrally by the Group treasury manager. Rolling forecasts of the Group's liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans.

Surplus cash held by operating entities over and above the balance required for working capital management is invested centrally in interest-bearing current accounts and money market deposits with appropriate maturities or sufficient liquidity as required by the above-mentioned forecasts. At the balance sheet date the Group held money market deposits of £Nil (2015: £Nil) that are expected to generate cash inflows for managing liquidity risk.

The tables below analyses the Group's financial liabilities and undrawn commitments into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date. Derivative financial instruments are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows, except for derivative financial instruments cash flows.

At 31 March 2016	**Less than 1 year £m**	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**Over 5 years £m**
Borrowings	–	–	403.0	–
Trade and other payables	8.5	–	–	–
Undrawn revolving credit and other facilities	–	–	30.0	–
Total	**8.5**	**–**	**433.0**	**–**

At 31 March 2015	Less than 1 year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Over 5 years £m
Borrowings	–	–	550.0	–
Trade and other payables	6.4	–	–	–
Undrawn revolving credit and other facilities	–	–	30.0	–
Total	6.4	–	580.0	–

b) Capital risk management

The Group considers capital to be net debt plus adjusted total equity. Net debt is defined as borrowings excluding debt issue costs less cash and short-term deposits. Adjusted total equity is defined as total equity excluding the capital reorganisation reserve, as shown in the consolidated balance sheet.

The calculation of total capital is shown in the table below:

	2016 £m	2015 £m
Loans due within one year	–	–
Loans and overdrafts greater than one year	403.0	550.0
Less: Cash and cash equivalents	(10.4)	(22.1)
Total net debt	392.6	527.9
Total equity	(51.5)	(176.1)
Less: Capital reorganisation reserve	1,060.8	1,060.8
Adjusted total equity	1,009.3	884.7
Total capital	1,401.9	1,412.6

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an efficient capital structure to optimise the cost of capital.

The margin payable on the new Syndicated Term Loan interest is dependent on the consolidated leverage ratio of Auto Trader Group plc and its subsidiaries and this is calculated and reviewed on a semi-annual basis. Repayments can be made without penalty under the new Syndicated Term Loan Agreement and there is no requirement to settle all or part of the new Syndicated Term Loan earlier than its termination date of 2020.

c) Fair value estimation

As at 31 March 2016 the Group had no financial instruments held at fair value through profit and loss.

3. Segmental information

IFRS 8 Operating segments requires the Group to determine its operating segments based on information which is provided internally. Based on the internal reporting information and management structures within the Group, it has been determined that there is only one operating segment, being the Group, as the information reported includes operating results at a consolidated Group level only. This reflects the nature of the business, where the major cost is to support the IT platforms upon which all of the Group's customers are serviced. These costs are borne centrally and are not attributable to any specific customer type or revenue stream. There is also considered to be only one reporting segment, which is the Group, the results of which are shown in the consolidated income statement.

Management has determined that there is one operating and reporting segment based on the reports reviewed by the Operational Leadership Team ('OLT') which is the chief operating decision-maker ('CODM'). The OLT is made up of the two Executive Directors and key management and is responsible for the strategic decision-making of the Group.

To assist in the analysis of the Group's revenue-generating trends, the OLT reviews revenue from three customer types as detailed below:

- **Trade:** revenue from retailer customers and revenue from other products and services provided to retailers and home traders to support their online activities;
- **Consumer services:** revenue from individuals for vehicle advertisements on the Group's websites. This category also includes revenue derived from third-party services directed at consumers relating to their motoring needs, such as insurance and loan finance; and
- **Display advertising:** revenue from customers and advertising agencies for placing display advertising on the Group's websites.

The reporting information provided to the OLT, which presents revenue by customer type, has been voluntarily disclosed below:

Revenue	2016 £m	2015 £m
Trade	**236.4**	214.8
Consumer services	**30.3**	29.0
Display advertising	**14.9**	12.1
Total revenue from continuing operations	**281.6**	255.9

The revenue from external parties reported to the OLT is measured in a manner consistent with that in the income statement.

Underlying operating profit

Operating costs, comprising administrative expenses, are managed on a Group basis. The OLT measures the overall performance of the Group by reference to the following non-GAAP measure:

- Underlying operating profit which is operating profit before share-based payments and associated NI, management incentive plans and exceptional items.

This adjusted profit measure is applied by the OLT to understand the earnings trend of the Group and is considered the most meaningful measure by which to assess the true operating performance of the Group.

Adjusted underlying EBITDA was previously used to reflect the underlying performance of the business as it reflected both the impact of non-underlying items and the change in approach to technology development that was implemented in September 2013 and which resulted in less of the Group's expenditure on internal development salaries meeting the requirements for capitalisation. As this approach to technology development has been consistent in both the current and prior periods, there is no requirement to make such an adjustment.

In addition, in order to provide comparability of results from period to period and with listed peer companies the Directors now consider Underlying operating profit to be a more appropriate indicator of the underlying performance of the business during the period.

	2016 £m	2015 £m
Operating profit	**169.6**	133.1
– Share-based payments	**2.5**	3.7
– Management incentive plans	**–**	1.9
– Exceptional items	**(0.8)**	5.4
Underlying operating profit	**171.3**	144.1
– Depreciation	**2.8**	2.5
– Amortisation	**7.8**	10.0
Adjusted underlying EBITDA	**181.9**	156.6

A reconciliation of the total segment operating profit to the profit before tax and discontinued operations is provided as follows:

	2016 £m	2015 £m
Total segment operating profit	**169.6**	133.1
Finance costs – net	**(14.6)**	(122.2)
Profit before tax and discontinued operations	**155.0**	10.9

The OLT reviews the balance sheet information for the one operating segment. The segment's assets and liabilities are presented in a manner consistent with that of these financial statements.

The Group is domiciled in the UK and the following table details external sales by location of customers and non-current assets (excluding deferred tax) by geographic area:

	2016 £m	2015 £m
Revenue:		
UK	**277.0**	251.3
Ireland	**4.6**	4.6
Total continuing operations	**281.6**	255.9
Discontinued operations – UK	**–**	–
Discontinued operations – Rest of world	**–**	–
Total continuing and discontinued operations	**281.6**	255.9
Non-current assets:		
UK	**326.5**	333.2
Ireland	**4.3**	5.3
Total non-current assets	**330.8**	338.5

Due to the large number of customers the Group serves, there are no individual customers whose revenue is greater than 10% of the Group's total revenue in all periods presented in these financial statements.

4. Operating profit

Expenses by nature including exceptional items:

	Note	2016 £m	2015 £m
Staff costs	5	**53.6**	58.4
Contractor costs		**0.4**	1.4
Depreciation of property, plant and equipment	12	**2.8**	2.5
Amortisation of intangibles	11	**7.8**	10.0
Operating lease payments		**2.8**	3.3
Net foreign exchange losses		**–**	0.1
Marketing costs		**15.7**	15.4
IT and communication costs		**7.9**	7.8
Other expenses		**21.0**	23.9
Total administrative expenses		**112.0**	122.8
Share-based payments and associated NI, management incentive plans and exceptional items		**(1.7)**	(11.0)
Total administrative expenses before share-based payments and associated NI, management incentive plans and exceptional items		**110.3**	111.8

Exceptional items:

	2016 £m	2015 £m
Restructuring of Group operations	**(0.8)**	3.9
IPO costs	**–**	1.5
Total exceptional items	**(0.8)**	5.4

Restructuring of Group operations relates to redundancy, property and other costs for the relocation of offices in the UK and other reorganisation costs. Exceptional income for the year ended 31 March 2016 relates to the reversal of provisions previously made for such restructuring costs that are no longer required.

Exceptional IPO costs relate to costs associated with the Initial Public Offering ('IPO') of Auto Trader Group plc shares on the London Stock Exchange on 24 March 2015.

Services provided by the Company's auditors

During the year, the Group (including overseas subsidiaries) obtained the following services from the operating company's auditors:

	2016 £m	2015 £m
Fees payable for the audit of the Company and consolidated financial statements	**0.1**	0.1
Fees payable for other services:		
– the audit of the subsidiary undertakings pursuant to legislation	**0.2**	0.2
– tax advisory services	**0.1**	–
– other assurance services	**–**	1.8
– other non-audit services	**–**	0.8
Total	**0.4**	2.9

5. Employees and Directors

	2016 £m	2015 £m
Wages and salaries	**44.4**	43.3
Social security costs	**4.8**	5.0
Other pension costs (note 22)	**1.9**	2.0
	51.1	50.3
Share-based payments and associated NI (note 27)	**2.5**	3.7
Management incentive plans	**–**	1.9
Restructuring costs	**–**	2.5
Total	**53.6**	58.4

The average monthly number of employees (including Executive Directors and excluding third-party contractors) employed by the Group was as follows:

	2016 Number	2015 Number
Customer operations	**395**	403
Product and technology	**295**	326
Display	**41**	36
Corporate	**123**	133
Total	**854**	898

6. Directors' and key management remuneration

The remuneration of Directors was as follows:

	2016 £m	2015 £m
Aggregate Directors' emoluments	**1.7**	1.8
Share-based payments charge	**0.8**	2.2
Pension contributions	**–**	0.1
Total	**2.5**	4.1

During the year ended 31 March 2016 two Directors (2015: two Directors) were members of the Group's defined pension contribution scheme.

The remuneration of the highest paid Director was as follows:

	2016 £m	2015 £m
Aggregate emoluments	**0.9**	0.4
Share-based payments charge	**0.5**	1.9
Pension contributions	**–**	0.1
Total	**1.4**	2.4

During the year to 31 March 2016, Trevor Mather and Sean Glithero (2015: Trevor Mather and Sean Glithero) received remuneration in respect of their services as Directors of the Company and subsidiary undertakings. Ed Williams received remuneration in respect of his services as a Director of the Company and, to 8 January 2016, Auto Trader Holding Limited, a subsidiary undertaking. Chip Perry received remuneration in respect of his services as a Director of the Company, up to 7 March 2016 and, to 8 January 2016, Auto Trader Holding Limited, a subsidiary undertaking.

During the year to 31 March 2016, Tom Hall and Nick Hartman (2015: Tom Hall and Nick Hartman) received no remuneration in respect of their services as Directors of the Company and Auto Trader Holding Limited a subsidiary undertaking.

Notes to the consolidated financial statements continued

6. Directors' and key management remuneration continued

Key management compensation

During the year to 31 March 2016, key management comprised the members of the OLT (2015: OLT). The remuneration of all key management (including Directors) was as follows:

	2016 £m	2015 £m
Short-term employee benefits	**5.7**	6.5
Share-based payments	**1.4**	3.7
Management incentive plans	**–**	0.3
Compensation for loss of office	**0.2**	–
Pension contributions	**0.2**	0.3
Total	**7.5**	10.8

7. Discontinued operations

The magazines division in the UK/Ireland was closed at the end of June 2013. For the purposes of the financial statements, the magazines division has been presented as a discontinued operation in 2015 and 2016.

The analysis of the results of discontinued operations is as follows:

	2016 £m	2015 £m
Revenue	**–**	–
Expenses	**–**	0.1
Exceptional items: restructuring credit	**–**	0.5
Exceptional items: profit on disposal of held-for-sale asset	**–**	1.3
Result/profit before tax of discontinued operations	**–**	1.9
Taxation charge	**–**	–
Result/profit for the year from discontinued operations	**–**	1.9

Cash generated from discontinued operations is shown in note 26 of these financial statements.

8. Finance income and finance costs

	2016 £m	2015 £m
Finance income		
On bank balances	**–**	0.1
Total	**–**	0.1
Finance costs		
On bank loans and overdrafts	**12.7**	65.3
On shareholders' loans	**–**	12.9
Net losses on derivative financial instruments	**–**	2.7
Amortised debt issue costs	**1.9**	12.0
Exceptional: early repayment premium (note 19)	**–**	26.2
Exceptional: settlement of derivatives	**–**	3.2
Total	**14.6**	122.3

The exceptional early repayment premium incurred in 2015 related to the settlement of the former Goldman Sachs Mezzanine Partners ('GSMP') Junior Debt. The former GSMP Junior Debt was settled in full as part of the Group restructure on 24 March 2015 (note 19).

The Group opted to settle its interest rate swap agreements as part of the Group restructure. The Group incurred a charge as a result of the transaction which was expensed in full in the year ended 31 March 2015 and classified as an exceptional item.

9. Taxation

	2016 £m	2015 £m
Current taxation		
UK corporation taxation	**28.6**	2.2
Foreign taxation	**0.3**	0.1
Adjustments in respect of prior years	**(0.7)**	0.1
Total current taxation	**28.2**	2.4
Deferred taxation		
Origination and reversal of temporary differences	**(0.3)**	–
Effect of rate changes on deferred taxation	**0.4**	–
Total deferred taxation	**0.1**	–
Total taxation charge	**28.3**	2.4

The differences between the total taxation shown above and the amount calculated by applying the standard UK corporation taxation rate to the profit before taxation on continuing operations are set out below. The Group earns its profits primarily in the UK, therefore the rate used for taxation is the standard rate for UK corporation tax.

	2016 £m	2015 £m
Profit before taxation	**155.0**	10.9
Tax on profit on ordinary activities at the standard UK corporation tax rate of 20% (2015: 21%)	**31.0**	2.3
Non-taxable income	**–**	(0.5)
Expenses not deductible for taxation purposes	**0.3**	0.6
Adjustments in respect of foreign tax rates	**(0.1)**	(0.1)
Other permanent differences	**(2.6)**	–
Effect of rate changes on deferred taxation	**0.4**	–
Adjustments in respect of prior years	**(0.7)**	0.1
Total taxation charge	**28.3**	2.4

Taxation on items taken directly to equity was a credit of £0.1m relating to deferred tax on share-based payments. Taxation on items taken directly to equity in 2015 was a credit of £0.4m relating to financial derivatives and IPO costs recognised in share premium.

The tax charge for the year is based on the effective rate of UK corporation tax for the period of 20% (2015: 21%). Changes to the UK corporation tax rates were announced on 8 July 2015. These changes were substantively enacted as part of the Finance Bill 2015 on 26 October 2015 and include reductions to the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. On 16 March 2016 further changes to the UK corporation tax rate were announced including a further reduction in the UK corporation tax rate to 17% from 2020, which supersedes the change enacted on 26 October 2015. However, this further change was not substantively enacted as at 31 March 2016 and has not therefore been reflected in these financial statements.

10. Earnings per share

a) Basic and diluted earnings per share

Basic earnings per share and diluted earnings per share are calculated by dividing profit for the year attributable to equity holders of the parent by the weighted average number of shares in issue.

Continuing operations	Weighted average number of ordinary shares	Total earnings £m	Pence per share
Year ended 31 March 2016			
Basic EPS	**1,000,002,803**	**126.7**	**12.67**
Diluted EPS	**1,001,394,111**	**126.7**	**12.65**
Adjusted basic EPS	**1,000,002,803**	**128.6**	**12.86**
Adjusted diluted EPS	**1,001,394,111**	**128.6**	**12.84**
Year ended 31 March 2015			
Basic and diluted EPS	**1,000,000,000**	**8.5**	**0.85**
Adjusted basic and diluted EPS	**1,000,000,000**	**41.2**	**4.12**

Basic and diluted earnings per share for the year ended March 2015 are the same as there was no difference between the basic and the diluted number of shares. The weighted average number of shares for the year to March 2015 has been stated as if the Group reorganisation completed on 24 March 2015 had occurred at the beginning of the 2015 financial year. The weighted average number of shares in issue in the period from 24 March 2015 to the year end was 1,000 million.

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the Share Incentive Plan, Performance Share Plan and the Sharesave scheme. Shares issued to satisfy the Share Incentive Plan were subsequently purchased by the Employee Share Option Trust ('ESOT') and are entitled to dividends under the scheme rules. The number of shares in issue at the start of the year is reconciled to the basic and diluted weighted average number of shares below:

Year ended 31 March 2016	Weighted average number of shares
Issued ordinary shares at 30 March 2015	**1,000,000,000**
Weighted effect of issued ordinary shares	**991,024**
Less weighted effect of shares held by the ESOT	**(988,221)**
Weighted average number of shares for basic EPS	**1,000,002,803**
Dilutive impact of share options outstanding	**1,391,308**
Weighted average number of shares for diluted EPS	**1,001,394,111**

The average market value of the Group's shares for the purposes of calculating the dilutive effect of share-based incentives was based on quoted market prices for the period during which the share-based incentives were outstanding.

b) Adjusted earnings per share

Adjusted EPS is calculated before the charge for share-based payments and associated NI, management incentive plans and exceptional items and net of the tax effect in respect of these items. A reconciliation of the basic earnings for the period to the underlying earnings is presented below:

Continuing operations	2016 £m	2015 £m
Earnings for the period	**126.7**	8.5
Share-based payments	**2.5**	3.7
Management incentive plans	**–**	1.9
Exceptional items	**(0.8)**	5.4
Exceptional finance cost	**–**	29.4
Tax effect	**0.2**	(7.7)
Adjusted earnings for the period	**128.6**	41.2

11. Intangible assets

	Goodwill £m	Software and website development costs £m	Financial systems £m	Customer relationships £m	Technology £m	Trade names and trademarks £m	Total £m
At 31 March 2014	**433.8**	**54.1**	**9.2**	**5.8**	**5.6**	**1.9**	**510.4**
Additions	–	0.4	1.9	–	–	–	2.3
Disposals	–	(0.7)	–	–	–	–	(0.7)
Exchange differences	(0.6)	(0.1)	–	–	–	–	(0.7)
At 31 March 2015	**433.2**	**53.7**	**11.1**	**5.8**	**5.6**	**1.9**	**511.3**
Additions	–	0.3	0.5	–	–	–	0.8
Exchange differences	0.4	–	–	–	–	–	0.4
At 31 March 2016	**433.6**	**54.0**	**11.6**	**5.8**	**5.6**	**1.9**	**512.5**
Accumulated amortisation and impairments							
At 31 March 2014	**120.8**	**42.1**	**–**	**4.9**	**3.2**	**1.0**	**172.0**
Amortisation charge	–	6.9	1.7	0.4	0.8	0.2	10.0
Disposals	–	(0.7)	–	–	–	–	(0.7)
At 31 March 2015	**120.8**	**48.3**	**1.7**	**5.3**	**4.0**	**1.2**	**181.3**
Amortisation charge	–	4.0	2.5	0.4	0.7	0.2	7.8
At 31 March 2016	**120.8**	**52.3**	**4.2**	**5.7**	**4.7**	**1.4**	**189.1**
Net book value at 31 March 2016	**312.8**	**1.7**	**7.4**	**0.1**	**0.9**	**0.5**	**323.4**
Net book value at 31 March 2015	312.4	5.4	9.4	0.5	1.6	0.7	330.0
Net book value at 31 March 2014	313.0	12.0	9.2	0.9	2.4	0.9	338.4

At 31 March 2016, £0.1m of software and website development costs (31 March 2015: £0.1m) represented assets under construction. Amortisation of these assets will commence when they are brought into use.

For the year to 31 March 2016, the amortisation charge of £7.8m (2015: £10.0m) has been charged to administrative expenses in the income statement and £Nil (2015: £Nil) has been charged to the results from the discontinued operations.

Goodwill, which has an indefinite useful life, is subject to annual impairment testing, or more frequent testing if there are indicators of impairment.

Goodwill is allocated to the appropriate cash-generating units ('CGUs') based on the smallest identifiable group of assets that generates cash inflows independently in relation to the specific goodwill.

The recoverable amounts of the CGUs are determined from value-in-use calculations that use cash flow projections from the latest three-year plan approved by the Directors. Following the closure of the magazine business in 2013 all assets have been allocated to the Auto Trader Digital CGU.

Key assumptions in the budgets and plans include future revenue growth rates, associated future levels of marketing support and directly associated overheads. These assumptions are based on historical trends and future market expectations. Cash flows beyond the three-year period are extrapolated using the estimated long-term growth rate of 2.0% (2015: 2.0%). The pre-tax discount rate which has been applied in determining value in use for individual CGUs for potential impairments is 8.0% (2015: 8.0%).

Significant headroom exists in the CGUs that have not been fully impaired. There are no reasonable possible changes to the assumptions presented above that would result in any impairment recorded in each of the years presented in these financial statements.

Intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation of these intangible assets is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives (three to fifteen years). The longest estimated useful life remaining at 31 March 2016 is five years.

12. Property, plant and equipment

	Assets under construction £m	Land, buildings and leasehold improvements £m	Plant and equipment £m	Total £m
Cost				
At 31 March 2014	1.0	2.3	15.5	18.8
Additions	6.1	–	1.0	7.1
Reclassification	(6.9)	3.3	3.6	–
Transfer to disposal group held for sale (note 16)	–	(0.8)	–	(0.8)
Disposals	–	(0.6)	(4.3)	(4.9)
At 31 March 2015	**0.2**	**4.2**	**15.8**	**20.2**
Additions	–	–	2.0	2.0
Reclassification	(0.2)	–	0.2	–
Transfer to disposal group held for sale (note 16)	–	(0.3)	–	(0.3)
Disposals	–	–	(0.1)	(0.1)
At 31 March 2016	**–**	**3.9**	**17.9**	**21.8**
Accumulated depreciation				
At 31 March 2014	–	1.6	12.9	14.5
Charge for the year	–	0.2	2.3	2.5
Transfer to disposal group held for sale (note 16)	–	(0.5)	–	(0.5)
Disposals	–	(0.5)	(4.3)	(4.8)
At 31 March 2015	**–**	**0.8**	**10.9**	**11.7**
Charge for the year	–	0.3	2.5	2.8
Disposals	–	–	(0.1)	(0.1)
At 31 March 2016	**–**	**1.1**	**13.3**	**14.4**
Net book value at 31 March 2016	**–**	**2.8**	**4.6**	**7.4**
Net book value at 31 March 2015	0.2	3.4	4.9	8.5
Net book value at 31 March 2014	1.0	0.7	2.6	4.3

The depreciation expense of £2.8m for the year to 31 March 2016 and the depreciation expense of £2.5m for the year ended 31 March 2015 have been recorded in administrative expenses.

13. Investments

Shares in other undertakings

	£m
Cost	
At 31 March 2016 and 31 March 2015	3.2
Provision for impairment	
At 31 March 2016 and 31 March 2015	3.2
Net book value at 31 March 2016	–
Net book value at 31 March 2015	–

At the balance sheet date the Group holds a 19.4% (2015: 19.4%) interest in the preferred share capital of IAUTOS Company Limited. IAUTOS Company Limited is an intermediate holding company through which are held trading companies incorporated in the People's Republic of China. It is not considered an associate as the Group does not have significant influence over this entity. This investment was fully impaired in the year to 31 March 2014 as the Chinese trading companies are loss-making with forecast future cash outflows.

Subsidiary undertakings

At 31 March 2016 the Group's related undertakings were:

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Class of shares held	Percentage owned by the parent	Percentage owned by the Group
Auto Trader Holding Limited	England and Wales	Financing company	Ordinary	100%	100%
Auto Trader Limited	England and Wales	Classified listings	Ordinary	–	100%
Trader Licensing Limited	England and Wales	Dormant company	Ordinary	–	100%
Trader Media Holdings Ireland Limited	Republic of Ireland	Holding company	Ordinary	–	100%
Trader Media Ireland	Republic of Ireland	Holding company	Ordinary	–	100%
Webzone Limited	Republic of Ireland	Holding company	Ordinary	–	100%
Trader Media Group Holdings Limited*	England and Wales	Holding company	Ordinary	–	100%
Trader Media Group (2003) Limited*	England and Wales	Holding company	Ordinary	–	100%
Trader Finance (2009) Limited*	England and Wales	Holding company	Ordinary	–	100%
Trader Media Corporation (2003) Limited*	England and Wales	Holding company	Ordinary	–	100%
Trader Media Corporation Limited*	England and Wales	Holding company	Ordinary	–	100%
Trader Media Finance Limited*	England and Wales	Holding company	Ordinary	–	100%
Trader Media Holdings Limited*	England and Wales	Dormant company	Ordinary	–	100%
Ironglove Limited*	England and Wales	Dormant company	Ordinary	–	100%
Trader Media Property Limited*	England and Wales	Dormant company	Ordinary	–	100%
Trader Media (Earls Court) Group Limited*	England and Wales	Dormant company	Ordinary	–	100%
Trader Media (Earls Court) Holdings Limited*	England and Wales	Dormant company	Ordinary	–	100%
Midland Auto Trader Limited*	England and Wales	Dormant company	Ordinary	–	100%
Auto Trader Holland Limited*	England and Wales	Dormant company	Ordinary	–	100%
Trademail Holdings Limited*	England and Wales	Dormant company	Ordinary	–	100%
Autotrade-mail Limited*	England and Wales	Dormant company	Ordinary	–	100%
Trader Systems Limited*	England and Wales	Dormant company	Ordinary	–	100%
2nd Byte Limited*	England and Wales	Dormant company	Ordinary	–	100%
Faxpress Limited*	England and Wales	Dormant company	Ordinary	–	100%
Deltapoint Limited*	England and Wales	Dormant company	Ordinary	–	100%
Tradr Media Limited*	England and Wales	Dormant company	Ordinary	–	100%
Trader Publishing Limited*	England and Wales	Dormant company	Ordinary	–	100%
Hurst Italia Limited*	England and Wales	Dormant company	Ordinary	–	100%
Trader Media Group Limited*	England and Wales	Dormant company	Ordinary	–	100%
Irish Auto Trader Limited*	Northern Ireland	Dormant company	Ordinary	–	100%

* As at 31 March 2016 the denoted companies were in the process of members' voluntary liquidation as part of a Group structuring project. As such they are not required to undertake a statutory audit or prepare individual company financial statements.

13. Investments continued

A guarantee exists in respect of the three wholly owned subsidiaries that are incorporated in the Republic of Ireland and consolidated within these financial statements. They have availed themselves of an exemption from filing their individual financial statements in accordance with Section 357 of the Companies (Amendment) Act, 2014, Ireland.

14. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 March 2016	**Loans and receivables £m**	**Non-financial assets £m**	**Total £m**
Financial assets as per balance sheet:			
Trade and other receivables	29.4	22.3	51.7
Cash and cash equivalents	10.4	–	10.4
Total	**39.8**	**22.3**	**62.1**

31 March 2016	**Financial liabilities measured at amortised cost £m**	**Non-financial liabilities £m**	**Total £m**
Financial liabilities as per balance sheet:			
Borrowings	(395.6)	–	(395.6)
Trade and other payables	(8.5)	(28.1)	(36.6)
Total	**(404.1)**	**(28.1)**	**(432.2)**

31 March 2015	Loans and receivables £m	Non-financial assets £m	Total £m
Financial assets as per balance sheet:			
Trade and other receivables	32.9	16.1	49.0
Cash and cash equivalents	22.1	–	22.1
Total	55.0	16.1	71.1

31 March 2015	Financial liabilities measured at amortised cost £m	Non-financial liabilities £m	Total £m
Financial liabilities as per balance sheet:			
Borrowings	(540.7)	–	(540.7)
Trade and other payables	(6.4)	(34.0)	(40.4)
Total	(547.1)	(34.0)	(581.1)

Non-financial assets include prepayments and accrued income. Non-financial liabilities include other taxes and social security and accruals and deferred income.

15. Trade and other receivables

	2016 £m	2015 £m
Trade receivables	**32.5**	35.7
Less: provision for impairment of trade receivables	**(3.2)**	(2.9)
Trade receivables – net	**29.3**	32.8
Other receivables	**0.1**	0.1
Prepayments and accrued income	**22.3**	16.1
Total	**51.7**	49.0

The ageing analysis of trade receivables is as follows:

	2016 £m	2015 £m
Fully performing	**21.3**	25.3
Past due but not impaired:		
Up to three months	**7.4**	6.9
Impaired	**3.8**	3.5
Total	**32.5**	35.7

It was assessed that a portion of the impaired receivables is expected to be recovered.

Movements on the provision for impairment of trade receivables are as follows:

	2016 £m	2015 £m
At beginning of year	**2.9**	2.6
Provision for receivables impairment	**1.9**	2.0
Receivables written off during the year as uncollectible	**(1.6)**	(1.7)
Total	**3.2**	2.9

The creation and release of the provision for impaired trade receivables is included in administrative expenses in the income statement.

The other classes within 'trade and other receivables' do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable included within 'trade and other receivables'. The Group does not hold any collateral as security. Due to the large number of customers the Group services, the credit quality of trade receivables is not deemed a significant risk.

The carrying amount of the Group's trade receivables is denominated in the following currencies:

	2016 £m	2015 £m
Sterling	**31.6**	35.0
Euro	**0.9**	0.7
Total	**32.5**	35.7

At 31 March 2016 and 31 March 2015 all other financial receivables are primarily denominated in sterling.

16. Assets of disposal group classified as held for sale

Unoccupied properties no longer required by the Group have been placed for sale and are held at cost less accumulated depreciation and any impairment loss.

	2016 £m	2015 £m
Non-current assets held for sale:		
Property, plant and equipment	**0.3**	0.3

17. Cash and cash equivalents

	2016 £m	2015 £m
Cash at bank and in hand	**10.4**	22.1

The Group's credit risk on cash and cash equivalents is limited as the counterparties are well-established banks with high credit ratings. At 31 March 2016 and 31 March 2015, the cash and cash equivalents are primarily denominated in sterling.

18. Trade and other payables

	2016 £m	2015 £m
Trade payables	**7.8**	5.3
Other taxes and social security	**10.9**	10.1
Other payables	**0.2**	0.6
Accruals and deferred income	**17.2**	23.9
Accrued interest payable	**0.5**	0.5
Total	**36.6**	40.4

19. Borrowings

Non-current	2016 £m	2015 £m
Syndicated Term Loan gross of unamortised debt issue costs	**403.0**	550.0
Unamortised debt issue costs	**(7.4)**	(9.3)
Total	**395.6**	540.7

The Syndicated Term Loan is repayable as follows:

	2016 £m	2015 £m
Within two to five years	**403.0**	550.0
Total	**403.0**	550.0

The carrying amounts of borrowings approximate their fair values.

Syndicated Term Loan (the debt under the terms of the new Senior Facilities Agreement)

On 24 March 2015, the Company and a subsidiary undertaking, Auto Trader Holding Limited, entered into a £550.0m Senior Facilities Agreement as part of the Group restructure. The associated debt transaction costs were £9.4m. The first utilisation was made on 24 March 2015 when £550.0m was drawn.

Interest on the Syndicated Term Loan is charged at LIBOR plus a margin of between 1.5% and 3.25% depending on the consolidated leverage ratio of the Group. There is no requirement to settle all or part of the debt earlier than the termination date in March 2020.

Under the Senior Facilities Agreement, the lenders also made available to the Company and Auto Trader Holding Limited a £30.0m revolving credit facility (the 'RCF'). Other than an ancillary facility of £0.6m, the RCF was undrawn at 31 March 2016 (2015: undrawn). Cash drawings under the RCF would incur interest at LIBOR, plus a margin of between 1.25% and 3.0% depending on the consolidated leverage of the Group (31 March 2015: 1.25% and 3.0%). A commitment fee of 35% of the margin applicable to the RCF from time to time is payable quarterly in arrears on the unutilised amounts of the RCF.

During the year to 31 March 2016 the Group repaid £147.0m of the Syndicated Term Loan (2015: £Nil).

Senior Bank Debt ('former Senior Debt') (the debt under the terms of the former Senior Facilities Agreement)

On 24 March 2015 the Group repaid the full £632.0m of the former Senior Debt (together with accrued interest, break costs and other costs payable under the terms of the former Senior Facilities Agreement) as part of the overall restructuring of the Group. Interest on the former Senior Debt was charged at LIBOR plus a margin of between 4.25% and 4.5% based on the consolidated leverage ratio of Trader Media Group Holdings Limited, a subsidiary company. This calculation encompasses the former GSMP Junior Debt of £358.4m described below.

GSMP Junior Debt ('former Junior Debt') (the debt under the terms of the former GSMP Junior Debt Agreement)

On 24 March 2015 the Group repaid the full £358.4m of the former Junior Debt (together with accrued interest, break costs and other costs payable under the terms of the GSMP Junior Debt Agreement) as part of the overall restructuring of the Group. A premium of £26.2m was recognised in finance costs in the year to 31 March 2015 (note 8). Interest on the former Junior Debt was charged at LIBOR with a floor of 1% plus a fixed margin of 8.75%.

Series A, B and C Shareholder Loan Notes

On 24 March 2015, as part of the overall Group restructure, the Group settled the full £128.8m of Shareholder Loan Notes in exchange for ordinary shares in Auto Trader Holding Limited. Interest was charged at LIBOR plus a margin of 9% on the Series A, B and C Shareholder Loan Notes. Interest was payable annually in arrears in June on the anniversary of the issue date, however the interest was rolled up into the principal every year since issue.

The exposure of the Group's borrowings (excluding debt issue costs) to LIBOR rate changes and the contractual repricing dates at the balance sheet date are as follows:

	2016 £m	2015 £m
One month or less	**403.0**	550.0
Total	**403.0**	550.0

20. Provisions for other liabilities and charges

	Onerous lease and dilapidations provision £m	Restructuring provision £m	Management incentive plan provision £m	Holiday pay provision £m	Total £m
At 31 March 2014	6.2	4.6	2.8	0.3	13.9
Charged to the income statement	0.2	0.7	1.9	0.3	3.1
Credited to other comprehensive income	–	–	(0.5)	–	(0.5)
Utilised in the year	(2.4)	(2.8)	(3.8)	(0.3)	(9.3)
Released in the year	(0.1)	(0.9)	–	–	(1.0)
At 31 March 2015	3.9	1.6	0.4	0.3	6.2
Charged to the income statement	0.7	–	–	0.3	1.0
Utilised in the year	(3.0)	(1.1)	(0.4)	(0.3)	(4.8)
Released in the year	(0.5)	(0.3)	–	–	(0.8)
At 31 March 2016	**1.1**	**0.2**	**–**	**0.3**	**1.6**

	2016 £m	2015 £m
Current	**0.5**	3.9
Non-current	**1.1**	2.3
Total	**1.6**	6.2

The onerous lease provision has been provided for future payments under property leases in respect of unoccupied properties no longer suitable for the Group's use. Dilapidations have been provided for all UK and Ireland properties based on the estimate of costs upon exit of the leases, which expire between April 2016 and February 2029.

The restructuring provision relates to redundancy and other costs concerning key relocations and reorganisations in the UK and is expected to be fully utilised by March 2017.

At 31 March 2015 the management incentive plan provision comprised amounts that are payable to senior management under long-term management incentive plans.

The holiday pay provision relates to liabilities for holiday pay in relation to the UK and Ireland operations for leave days accrued and not yet taken at the end of the financial year.

21. Deferred taxation

The movement in deferred taxation assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred taxation assets	Share-based payments £m	Accelerated capital allowances £m	Other temporary differences £m	Total £m
At 31 March 2014	–	4.4	0.4	4.8
Charged to the income statement	–	0.2	–	0.2
Charged directly to equity	–	–	(0.4)	(0.4)
At 31 March 2015	–	4.6	–	4.6
Credited/(charged) to the income statement	0.3	(0.2)	–	0.1
Credited directly to equity	0.1	–	–	0.1
Effect of rate changes on deferred taxation	–	(0.5)	–	(0.5)
At 31 March 2016	**0.4**	**3.9**	**–**	**4.3**

Deferred taxation liabilities	Share-based payments £m	Accelerated capital allowances £m	Other temporary differences £m	Total £m
At 31 March 2014	–	–	0.8	0.8
Credited to the income statement	–	–	(0.2)	(0.2)
At 31 March 2015	–	–	0.6	0.6
Credited to the income statement	–	–	(0.2)	(0.2)
Effect of rate changes on deferred taxation	–	–	(0.1)	(0.1)
At 31 March 2016	**–**	**–**	**0.3**	**0.3**

The Group has estimated that £Nil of the Group's net deferred income tax asset will be realised in the next 12 months. This is management's current best estimate and may not reflect the actual outcome in the next 12 months.

22. Retirement benefit obligations

Across the UK and Ireland the Group operates several pension schemes. All except one are defined contribution schemes. Within the UK, all pension schemes set up prior to 2001 have been closed to new members and only one defined contribution scheme is now open to new employees.

In the year to 31 March 2016 the pension contributions to the Group defined contribution scheme amounted to £1.9m (2015: £2.0m) including the contributions related to the discontinued operations. At 31 March 2016, there are £0.3m (31 March 2015: £0.3m) of pension contributions outstanding relating to the Group's defined contribution scheme.

The defined benefit pension scheme provides benefits based on final pensionable pay and this scheme was closed to new joiners with effect from May 2002. New employees after that date have been offered membership of the Group's defined contribution scheme.

The most recent actuarial valuation of the defined benefit obligations was performed as at 31 March 2016 by a qualified independent actuary.

The amounts recognised in the balance sheet are determined as follows:

	2016 £m	2015 £m
Present value of funded obligations	**17.5**	19.1
Fair value of plan assets	**(18.4)**	(19.6)
Effect of surplus cap	**0.9**	0.5
Net liability recognised in the balance sheet	**–**	–

The surpluses of £0.9m as at 31 March 2016 and £0.5m as at 31 March 2015 were not recognised as assets as they were not deemed to be recoverable by the Group.

22. Retirement benefit obligations continued

The net retirement benefit income before taxation recognised in the income statement in respect of the defined benefit schemes is summarised as follows:

	2016 £m	2015 £m
Interest income on net defined benefit obligation	**–**	–
Administration expenses paid by the scheme	**–**	–
Net retirement benefit income before taxation	**–**	–

The amounts recognised in the statement of other comprehensive income are as follows:

	2016 £m	2015 £m
Remeasurement gains/(losses) recognised in the year (before tax)	**0.4**	(0.8)
Effect of surplus cap	**(0.4)**	0.8
Total	**–**	–

The movement in the defined benefit obligations over the year is as follows:

	Present value of obligation £m	Fair value of plan assets £m	Total £m
At 31 March 2014	15.7	(15.7)	–
Interest expense/(income)	0.7	(0.7)	–
Remeasurements:			
Loss from changes in financial assumptions	3.1	–	3.1
Return on plan assets, excluding amounts included in interest income	–	(2.3)	(2.3)
Benefits paid	(0.4)	0.4	–
Effect of surplus cap	–	(0.8)	(0.8)
At 31 March 2015	19.1	(19.1)	–
Interest expense/(income)	0.6	(0.6)	–
Remeasurements:			
Gain from changes in financial assumptions	(1.6)	–	(1.6)
Return on plan assets, excluding amounts included in interest income	–	1.2	1.2
Benefits paid	(0.6)	0.6	–
Effect of surplus cap	–	0.4	0.4
At 31 March 2016	**17.5**	**(17.5)**	**–**

During the year to 31 March 2016, the Group did not contribute to the defined benefit scheme (2015: £Nil). No contributions to this scheme are expected in the next financial year and there are no minimum funding requirements. As at 31 March 2016, approximately 65% of the liabilities (2015: 70%) are attributable to former employees who have yet to reach retirement and 35% to current pensioners (2015: 30%).

The significant actuarial assumptions were as follows:

	2016	2015
Discount rate	**3.55%**	3.30%
Pension growth rate	**2.15%**	2.20%
Inflation rate ('RPI')	**3.25%**	3.30%

Sensitivity to key assumptions has not been disclosed as any reasonable possible changes would not result in a significant change to the amounts recorded in the financial statements.

The Group has assumed that mortality will be in line with nationally published mortality table S1NA related to members' years of birth with a long-term rate of improvement of 1.5% per annum. These tables translate into an average life expectancy for a pensioner retiring at age 65 as follows:

	2016		2015	
	Male Years	**Female Years**	Male Years	Female Years
Member aged 65 (current life expectancy)	**88**	**90**	88	90
Member aged 45 (life expectancy at age 65)	**90**	**92**	90	93

Plan assets are comprised as follows:

	2016		2015	
	£m	**%**	£m	%
Equities	**10.1**	**54.9**	10.8	55.1
Corporate bonds	**7.4**	**40.2**	7.9	40.3
Real estate	**0.9**	**4.9**	0.9	4.6
Total	**18.4**	**100.0**	19.6	100.0

This defined benefit pension scheme exposes the Group to a number of risks, the most significant of which are:

Asset volatility
The scheme liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of equities, which are expected to outperform corporate bonds in the long term while creating volatility and risk in the short term. The allocation to equities is monitored to ensure it remains appropriate given the scheme's long-term objectives.

Changes in bond yields
A decrease in corporate bond yields will increase the scheme liabilities, although this will be partially offset by an increase in the value of the scheme's bond holdings.

Inflation risk
A proportion of the scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although in most cases caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy
The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The weighted average duration of the defined benefit obligation is 22 years.

23. Share capital

Share capital	2016 Number '000	2016 Amount £m	2015 Number '000	2015 Amount £m
Allotted, called-up and fully paid				
Ordinary shares of 1p each (2015: £1.50 eachl)	**1,001,052**	**10.0**	1,000,000	1,500.0
Total	**1,001,052**	**10.0**	1,000,000	1,500.0

On 23 April 2015 the Company issued and allotted 1,051,699 shares of £1.50 each in connection with the Auto Trader Group plc Share Incentive Plan and these were admitted for trade on the London Stock Exchange on 24 April 2015. The total number of shares in issue at March 2016 was 1,001,051,699.

On 29 July 2015 the Company completed a reduction of share capital and share premium (the 'Capital Reduction'), whereby the entire amount outstanding on the Company's share premium account was cancelled and the nominal value of each issued ordinary share in the capital of the Company was reduced from £1.50 to £0.01. The Capital Reduction has created a significant amount of distributable reserves for the Company.

24. Employee Share Option Trust

The ESOT purchases shares to fund the Share Incentive Plan. At 31 March 2016, the trust held 1,021,224 (2015: nil) ordinary shares with a book value of £1.5m (2015: £Nil). The market value of these shares as at 31 March 2015 was £4.0m (2015: £Nil). During the year the ESOT purchased 1,051,699 shares of the Company at a cost of £1.6m (2015: £nil) representing 0.1% of issued share capital. At 31 March 2016, 1,021,224 shares relating to the SIP remain in the ESOT with a historical cost of £1.5m.

25. Dividends

	2016 £m	2015 £m
Amounts recognised as distributions to ordinary shareholders in the year comprise:		
Interim dividend for the year ended 31 March 2016 of 0.5p per ordinary share	**5.0**	–
Proposed final dividend for the year ended 31 March 2016 of 1.0p per ordinary share	**10.0**	–

The proposed final dividend for the year ended 31 March 2016 is subject to approval by shareholders at the Annual General Meeting and hence has not been included as liabilities in the financial statements at 31 March 2016.

Prior to the Group restructure on 24 March 2015, ordinary dividends of £3.6 million were paid in respect of the year ended March 2015 to the shareholders of Auto Trader Holding Limited. Dividends paid were declared on shares of the Group's previous parent, Auto Trader Holding Limited, and were settled via the waiver of amounts due from shareholders.

The Directors' policy with regards to future dividends is set out in the Strategic report on pages 2 to 43.

26. Cash generated from operations

	2016 £m	2015 £m
Profit before taxation including discontinued operations	**155.0**	12.8
Adjustments for:		
Depreciation	**2.8**	2.5
Amortisation	**7.8**	10.0
Profit on disposal of property, plant and equipment	**–**	(1.2)
Share-based payments charge (excluding associated NI)	**2.3**	3.7
Finance costs	**14.6**	122.3
Finance income	**–**	(0.1)
IPO costs	**–**	1.5
Changes in working capital (excluding the effects of disposals and exchange differences on consolidation):		
Trade and other receivables	**(2.6)**	(1.5)
Trade and other payables	**5.3**	2.3
Provisions	**(5.1)**	(7.5)
Cash generated from operations	**180.1**	144.8

The cash flows of discontinued operations are as follows:

	2016 £m	2015 £m
Cash generated from operations	**–**	(0.1)
Taxation	**–**	(0.1)
Operating cash flows	**–**	(0.2)
Investing cash flows	**–**	3.4
Total cash flows	**–**	3.2

27. Share-based payments

Share options are granted to senior executives and other individuals throughout the organisation. The Group currently operates four share schemes and these are the Performance Share Plan, Deferred Annual Bonus Plan, Share Incentive Plan and the Sharesave scheme. The total charge in the year relating to the four schemes including associated national insurance ('NI') charges was £2.5m.

All share-based incentives are subject to service conditions. Such conditions are not taken into account in the fair value of the service received. The fair value of services received in return for share-based incentives is measured by reference to the fair value of share-based incentives granted. The estimate of the fair value of the share-based incentives is measured using either the Monte Carlo or Black-Scholes pricing model as is most appropriate for each scheme.

NI is being accrued, where applicable, at a rate of 13.8%, which management expects to be the prevailing rate when the awards are exercised, based on the share price at the reporting date. NI for the year ended 31 March 2016 relating to all awards was a charge of £0.2m. The Company NI charge for the year was £0.1m.

Share Incentive Plan

The Group operates a Share Incentive Plan ('SIP') scheme that was made available to all eligible employees following admission to the London Stock Exchange in March 2015. On 20 April 2015, all eligible employees were awarded free shares valued at £3,600 each based on the share price at the time of Admission. A total of 1,051,699 shares were awarded under the scheme, subject to a three-year service period ('Vesting Period').

The SIP awards have been valued using the Black-Scholes model and the resulting share-based payments charge spread evenly over the Vesting Period. The SIP shareholders are entitled to dividends over the Vesting Period. No performance criteria are applied to the vesting of S IP shares. Fair value at the grant date was measured to be £2.72.

	Number	Weighted average exercise price £
Outstanding at 1 April 2015	–	–
Awarded	1,051,699	–
Forfeited	(107,307)	–
Vested	(30,475)	–
Outstanding at 31 March 2016	**913,917**	–
Vested and Outstanding at 31 March 2016	**–**	–

Shares vested relate to those attributable to good leavers as defined by the scheme rules.

The total charge in the year, included in operating profit, in relation to these awards was £0.7m (2015: £Nil). The Company charge for the year was £Nil.

Performance Share Plan

The Group operates a Performance Share Plan ('PSP') for Executive Directors and certain key senior executives. On 19 June 2015, the Group awarded 1,641,267 nil cost options under the PSP scheme. The extent to which such awards vest will depend upon the Group's performance over a three-year period following the award date. The vesting in March 2018 ('Vesting Date') of 25% of the 2015 PSP award will be dependent on a relative TSR performance condition measured over the performance period and the vesting of the 75% of the 2015 PSP award will be dependent on the satisfaction of a cumulative Underlying operating profit ('UOP') target measured over the performance period.

The PSP awards have been valued using the Monte Carlo model for the TSR element and the Black-Scholes model for the Underlying operating profit element and the resulting share-based payments charge is being spread evenly over the period between the grant date and the Vesting Date.

	Share price at grant date (£)	Exercise price (£)	Expected volatility (%)	Option life (years)	Risk free rate (%)	Dividend yield (%)	Non-vesting condition (%)	Fair value per option (£)
19 June 2015 (TSR dependent)	3.06	Nil	30.0	3.0	0.9	0.0	0.0	2.08
19 June 2015 (UOP dependent)	3.06	Nil	n/a	3.0	0.9	0.0	0.0	3.06

Expected volatility is estimated by considering historic average share price volatility at the grant date.

	2016 Number
Outstanding at 1 April 2015	–
Options granted in the year	1,641,267
Outstanding at 31 March 2016	**1,641,267**
Exercisable at 31 March 2016	**–**

Expected volatility is estimated by considering historic average share price volatility at the grant date. The share-based payments charge for the year ended 31 March 2016 is £1.2m (2015: £Nil). The Company charge for the year was £0.7m (2015: £Nil).

Sharesave scheme

The Group operates a Sharesave ('SAYE') scheme for all employees under which employees are granted an option to purchase ordinary shares in the Company at up to 20% less than the market price at invitation, in three years' time, dependent on their entering into a contract to make monthly contributions into a savings account over the relevant period. Options are granted and are linked to a savings contract with a term of three years. These funds are used to fund the option exercise. No performance criteria are applied to the exercise of Sharesave options. The assumptions used in the measurement of the fair value at grant date of the Sharesave Plan are as follows:

	Share price at grant date (£)	Exercise price (£)	Expected volatility (%)	Option life (years)	Risk free rate (%)	Dividend yield (%)	Non-vesting condition (%)	Fair value per option (£)
23 September 2015	3.28	2.64	30.0	3.0	1.0	0.0	33.0	0.96

Expected volatility is estimated by considering historic average share price volatility at the grant date. The requirement that an employee has to save in order to purchase shares under the Sharesave Plan is a non-vesting condition. This feature has been incorporated into the fair value at grant date by applying a discount to the valuation obtained from the Black-Scholes pricing model.

	Number of share options	Weighted average exercise price £
Outstanding at 1 April 2015	–	–
Options granted in the year	1,096,112	2.64
Lapsed	(35,887)	2.64
Outstanding at 31 March 2016	**1,060,225**	**2.64**
Exercisable at 31 March 2016	**–**	**–**

Range of prices	Price per share	Weighted average exercise price £
31 March 2016	2.64	2.64

Weighted average contractual remaining life:	Number of share options	Weighted average contract term (years)
31 March 2016	1,060,225	2.7

The share-based payments charge for Sharesave options for the year ended 31 March 2016 is £0.1m (2015: £Nil). The Company charge for the year was £Nil (2015: £Nil).

Deferred Annual Bonus Plan ('DABP')

In June 2015 a DABP scheme was established which allows Executive Directors and other selected senior management the opportunity to earn a bonus determined as a percentage of base salary settled in nil cost deferred shares. The award of shares under the plan is contingent on the satisfaction of pre-set internal targets relating to financial and operational objectives. The right to the shares is deferred for two years from the date of the award (the 'Vesting Period') and potentially forfeitable during that period should the employee leave employment. The charge is being spread evenly over the combined Performance Period and Vesting Period of the shares, being three years.

As of 31 March 2016 no options had been awarded for the June 2015 scheme. The share-based payments charge for the year in respect of the Performance Period is £0.3m (2015: £Nil). The Company charge for the year was £0.2m (2015: £Nil).

28. Contingent liabilities and guarantees

A number of the Group's entities provide guarantees under the Group's Syndicated Term Loan agreement. The amount borrowed under this agreement at 31 March 2016 was £403.0m (2015: £550.0m).

29. Operating lease commitments

At the balance sheet date, the Group had outstanding commitments for future aggregate minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Other	
	2016 £m	2015 £m	**2016 £m**	2015 £m
No later than one year	**1.1**	1.6	**0.5**	0.4
Later than one year and no later than five years	**8.9**	7.9	**1.0**	0.3
Later than five years	**14.8**	17.3	**–**	–
Total	**24.8**	26.8	**1.5**	0.7

At 31 March 2016, £14.8m (2015: £17.3m) of future lease payments payable after five years relate to the new Manchester and London properties. The lease terms on these properties are between 10 and 15 years and both lease agreements are renewable at the end of the lease period at market rate.

30. Related party transactions

Prior to 24 March 2015 a subsidiary company Auto Trader Holding Limited was jointly controlled by Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l. The shareholder companies had made loans to and held preference shares in Auto Trader Holding Limited. Ed Williams and Chip Perry, Directors of Auto Trader Holding Limited, had also issued Shareholder Loan Notes to and held preference shares in Auto Trader Holding Limited.

On 24 March 2015, as part of the overall restructuring of the Group, the Shareholder Loan Notes and related accrued interest, preference shares, preference share premium and accrued dividends were converted into share capital of Auto Trader Holding Limited. On 24 March 2015 all shares in Auto Trader Holding Limited were exchanged for shares in Auto Trader Group plc via a share-for-share exchange.

The balances at the end of the period including accrued interest, dividends payable on these debt and equity instruments and the premium on the preference shares are disclosed below:

	2016 £m	2015 £m
Shareholder loans and accrued interest		
Crystal A Holdco S.à r.l.	**–**	–
Crystal B Holdco S.à r.l.	**–**	–
Ed Williams	**–**	–
Chip Perry	**–**	–
Preference shares, premium and accrued dividends		
Crystal A Holdco S.à r.l.	**–**	–
Crystal B Holdco S.à r.l.	**–**	–
Ed Williams	**–**	–
Chip Perry	**–**	–
Interest charged to the income statement		
Crystal A Holdco S.à r.l.	**–**	(4.9)
Crystal B Holdco S.à r.l.	**–**	(8.0)
Ed Williams	**–**	–
Chip Perry	**–**	–

The annual interest accrued on the Shareholder Loan Notes has been rolled into the principal each year since issue (note 19). Interest accrued on Shareholder Loan Notes was rolled up into the principal on 24 March 2015 prior to the Group restructure.

During the year ended 31 March 2015 additional loans of £15.7m were made to Crystal B Holdco S.à r.l. These loans were unsecured, non-interest bearing and repayable on demand. The total loan balance of £20.9 million was waived and released as payment for the repurchase of A ordinary shares during the year ended 31 March 2015.

During the year ended 31 March 2015 a subsidiary undertaking, Auto Trader Holding Limited, made loans of £1.4m and £2.2m to Crystal A Holdco S.à r.l. and Crystal B Holdco S.à r.l. respectively. These loans were unsecured, non-interest bearing and repayable on demand. On 6 March 2015 the loans were settled through the issue of a dividend in kind.

Apax Europe VIII GP Co. Limited, a fund advised by Apax Partners LLP, received £Nil for the provision of Directors' services to the Group during the year (31 March 2015: £0.1m). The balance outstanding at the end of the year was £Nil (31 March 2015: £Nil).

Prior to 24 March 2015 funds advised by Apax Partners LLP held £15.0m of the former Junior Debt. The fund received interest and was subject to the same terms of the GSMP Junior Debt Agreement as all other former syndicate members (note 19).

In the year ended 31 March 2015 certain Group companies traded with companies in which the funds advised by Apax Partners LLP have an interest. Trading was in the normal course of operations and on an arm's length basis. During the year to 31 March 2015 funds advised by Apax recharged £0.1m of costs to the Group. A balance of £Nil was outstanding at 31 March 2015.

Transactions with Directors and key management

Loans made on an arm's length basis in a previous year to certain members of key management were fully repaid in the year ended 31 March 2015.

On 4 July 2014 Auto Trader Holding Limited gifted 19,838 E Ordinary shares of £0.001 each to certain Directors and members of key management. The nominal value of these shares of £19.84 was fully paid up in cash by a third-party individual.

On the same day the following shares were issued to certain Directors and members of key management for aggregate cash consideration of:

	Number of shares	Aggregate cash consideration £
E ordinary shares of £0.001 each	11,073	465,665
A2 ordinary shares of £0.001 each	191	8,032
A2 Preferred ordinary shares of £0.001 each	15,891	668,282
F ordinary shares of £700 each	5	3,500

On 25 February 2015 Auto Trader Holding Limited gifted 196 E ordinary shares of £0.001 each to certain Directors and members of key management. The nominal value of these shares of £0.20 was fully paid up in cash.

On 25 February 2015 Auto Trader Holding Limited issued 398 E ordinary shares of £0.001 each to certain Directors and members of key management for cash consideration of £16,738. The nominal value of these shares of £0.40 was fully paid up in cash.

On 24 March 2015 all Directors and key management exchanged their shareholding in Auto Trader Holding Limited for shares in Auto Trader Group plc.

Independent auditors' report to the members of Auto Trader Group plc

Report on the Company financial statements

Our opinion

In our opinion, Auto Trader Group plc's Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 27 March 2016;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Company balance sheet as at 27 March 2016; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Other required reporting

Consistency of other information

Companies Act 2006 opinion

In our opinion, the information given in the Strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

ISAs (UK & Ireland) reporting

Under International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

We have no exceptions to report arising from this responsibility.

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Directors' remuneration report – Companies Act 2006 opinion

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other Companies Act 2006 reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 77, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We have reported separately on the Group financial statements of Auto Trader Group plc for the 52 week period ended 27 March 2016.

Matthew Hall (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

9 June 2016

Company balance sheet

At 27 March 2016

	Note	2016 £m	2015 £m
Fixed assets			
Investments in subsidiary undertakings	3	**1,207.8**	1,206.2
		1,207.8	1,206.2
Current assets			
Debtors	4	**440.3**	440.0
Cash at bank and in hand		**–**	9.5
		440.3	449.5
Creditors: amounts falling due within one year	5	**(8.8)**	(12.6)
Net current assets		**431.5**	436.9
Total assets less current liabilities and net assets		**1,639.3**	1,643.1
Capital and reserves			
Called-up share capital	8	**10.0**	1,500.0
Share premium account		**–**	144.4
Retained earnings/(deficit)		**1,629.3**	(1.3)
Total equity		**1,639.3**	1,643.1

The financial statements from pages 126 to 133 were approved by the Board of Directors and authorised for issue.

Sean Glithero
Finance Director
9 June 2016

Auto Trader Group plc Registered number 09439967

Company statement of changes in equity

For the year ended 27 March 2016

	Share capital £m	Share premium account £m	Retained earnings/(deficit) £m	Total equity £m
Balance at March 2014	**–**	**–**	**–**	**–**
Loss for the period	–	–	(1.3)	(1.3)
Total comprehensive expense, net of tax	–	–	(1.3)	(1.3)
Transactions with owners:				
Issue of share capital	1,500.0	144.4	–	1,644.4
Total transactions with owners, recognised directly in equity	1,500.0	144.4	–	1,644.4
Balance at March 2015	**1,500.0**	**144.4**	**(1.3)**	**1,643.1**
Loss for the year	–	–	(1.1)	(1.1)
Total comprehensive expense, net of tax	–	–	(1.1)	(1.1)
Transactions with owners:				
Issue of share capital	1.6	–	(1.6)	–
Reduction in share capital	(1,491.6)	(144.4)	1,636.0	–
Interim dividend	–	–	(5.0)	(5.0)
Share-based payments	–	–	2.3	2.3
Total transactions with owners recognised directly in equity	(1,490.0)	(144.4)	1,631.7	(2.7)
Balance at March 2016	**10.0**	**–**	**1,629.3**	**1,639.3**

Company statement of cash flows

For the year ended 27 March 2016

	Note	2016 £m	2015 £m
Cash flows from operating activities			
Loss for the year/period		**(1.1)**	(1.3)
Share-based payment charge (excluding associated NI)		**0.8**	–
IPO costs		**–**	1.3
Decrease in debtors		**0.1**	–
Increase in payables		**4.5**	–
Net cash generated from operating activities		**4.3**	–
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**–**	460.3
Loans to fellow Group undertakings		**–**	(439.9)
Dividends paid		**(5.0)**	–
Payment of IPO costs		**(8.8)**	(10.9)
Net cash used in financing activities		**(13.8)**	9.5
Net (decrease)/increase in cash and cash equivalents		**(9.5)**	9.5
Cash and cash equivalents at beginning of year/period		**9.5**	–
Cash and cash equivalents at end of year/period		**–**	9.5

Notes to the Company financial statements

1. Accounting policies

Auto Trader Group plc is a public limited company which is listed on the London Stock Exchange and is domiciled and incorporated in the United Kingdom under the Companies Act 2006. The Company was incorporated on 13 February 2015 and adopted FRS 102 from that date.

Statement of compliance and basis of preparation

The Company financial statements of Auto Trader Group plc have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. The Company financial statements have been prepared under the historic cost convention, as modified for the revaluation of certain financial assets and liabilities through profit or loss. The current year financial information presented is for the year ended 27 March 2016. The comparative financial information presented is at and for the 45-day period ended 29 March 2015. Financial period ends have been referred to as 31 March throughout the consolidated financial statements as per the Company's accounting reference date.

The Directors have used the going concern principle on the basis that the current profitable financial projections and facilities of the consolidated Group will continue in operation for a period not less than 12 months from the date of this report.

The Company financial statements have been prepared in sterling which is the functional and presentational currency of the Company and have been presented in round £m.

As permitted by Section 408 of the Companies Act 2006, an entity profit and loss account is not included as part of the published consolidated financial statements of Auto Trader Group plc. The loss for the financial period dealt with in the financial statements of the parent company was £1.1m (2015: loss of £1.3m).

Amounts paid to the Company's auditors in respect of the statutory audit were £50,000.

Estimation techniques

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are

- share-based payments; and
- carrying value of investments.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The accounting policies of such arrangements are disclosed in note 1 of the Group accounts. The fair value of services received in return for share options is calculated with reference to the fair value of the award on the date of grant. Black-Scholes and Monte Carlo models have been used where appropriate to calculate the fair value and the Directors have therefore made estimates with regards to the inputs to that model and the period over which the share award is expected to vest (note 27 of the consolidated Group financial statements).

The Group considers annually whether the carrying value of investments has suffered any impairment in accordance with the accounting policy stated. The recoverable amounts of investments have been determined based on value-in-use calculations, which require the use of estimates.

Investments in subsidiaries

Investments in subsidiaries are held at cost, less any provision for impairment. Annually, the Directors consider whether any events or circumstances have occurred that could indicate that the carrying amount of fixed asset investments may not be recoverable. If such circumstances do exist, a full impairment review is undertaken to establish whether the carrying amount exceeds the higher of net realisable value or value in use. If this is the case, an impairment charge is recorded to reduce the carrying value of the related investment.

Where equity-settled share-based payments are granted to the employees of subsidiary companies, the fair value of the award is treated as a capital contribution by the Company and the investments in subsidiaries are adjusted to reflect this capital contribution.

1. Accounting policies continued

Taxation and deferred taxation

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred on the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all evidence available, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried-forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

a) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third-party without imposing additional restrictions.

b) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. In respect of interim dividends, these are recognised once paid.

2. Directors' emoluments

The Company has no employees other than the Directors. Full details of the Directors' remuneration and interests are set out in the Directors' remuneration report on pages 60 to 73.

3. Investments in subsidiaries

	2016 £m	2015 £m
At beginning of the period	**1,206.2**	–
Additions	**1.6**	1,206.2
At end of the period	**1,207.8**	1,206.2

The additions in the year relate to equity-settled share-based payments granted to the employees of subsidiary companies. The investment made in the prior year relates to the capital reorganisation of the Group on admission to the London Stock Exchange on 24 March 2015.

Subsidiary undertakings

At 31 March 2016 the Company's related undertakings were:

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Class of shares held	Percentage owned by the parent	Percentage owned by the Group
Auto Trader Holding Limited	England and Wales	Financing company	Ordinary	100%	100%
Auto Trader Limited	England and Wales	Classified listings	Ordinary	–	100%
Trader Licensing Limited	England and Wales	Dormant company	Ordinary	–	100%
Trader Media Holdings Ireland Limited	Republic of Ireland	Holding company	Ordinary	–	100%
Trader Media Ireland	Republic of Ireland	Holding company	Ordinary	–	100%
Webzone Limited	Republic of Ireland	Holding company	Ordinary	–	100%
Trader Media Group Holdings Limited*	England and Wales	Holding company	Ordinary	–	100%
Trader Media Group (2003) Limited*	England and Wales	Holding company	Ordinary	–	100%
Trader Finance (2009) Limited*	England and Wales	Holding company	Ordinary	–	100%
Trader Media Corporation (2003) Limited*	England and Wales	Holding company	Ordinary	–	100%
Trader Media Corporation Limited*	England and Wales	Holding company	Ordinary	–	100%
Trader Media Finance Limited*	England and Wales	Holding company	Ordinary	–	100%
Trader Media Holdings Limited*	England and Wales	Dormant company	Ordinary	–	100%
Ironglove Limited*	England and Wales	Dormant company	Ordinary	–	100%
Trader Media Property Limited*	England and Wales	Dormant company	Ordinary	–	100%
Trader Media (Earls Court) Group Limited*	England and Wales	Dormant company	Ordinary	–	100%
Trader Media (Earls Court) Holdings Limited*	England and Wales	Dormant company	Ordinary	–	100%
Midland Auto Trader Limited*	England and Wales	Dormant company	Ordinary	–	100%
Auto Trader Holland Limited*	England and Wales	Dormant company	Ordinary	–	100%
Trademail Holdings Limited*	England and Wales	Dormant company	Ordinary	–	100%
Autotrade-mail Limited*	England and Wales	Dormant company	Ordinary	–	100%
Trader Systems Limited*	England and Wales	Dormant company	Ordinary	–	100%
2nd Byte Limited*	England and Wales	Dormant company	Ordinary	–	100%
Faxpress Limited*	England and Wales	Dormant company	Ordinary	–	100%
Deltapoint Limited*	England and Wales	Dormant company	Ordinary	–	100%
Tradr Media Limited*	England and Wales	Dormant company	Ordinary	–	100%
Trader Publishing Limited*	England and Wales	Dormant company	Ordinary	–	100%
Hurst Italia Limited*	England and Wales	Dormant company	Ordinary	–	100%
Trader Media Group Limited*	England and Wales	Dormant company	Ordinary	–	100%
Irish Auto Trader Limited*	Northern Ireland	Dormant company	Ordinary	–	100%

* As at 31 March 2016 the denoted companies were in the process of members' voluntary liquidation as part of a Group structuring project. As such they are not required to undertake a statutory audit or prepare individual company financial statements.

Notes to the Company financial statements continued

4. Debtors

	2016 £m	2015 £m
Amounts owed by Group undertakings	**440.0**	439.9
Deferred tax asset	**0.2**	–
Corporation tax receivable	**0.1**	0.1
	440.3	440.0

Amounts owed by Group undertakings are non-interest-bearing, unsecured and repayable on demand.

5. Creditors: amounts falling due within one year

	2016 £m	2015 £m
Amounts owed to Group undertakings	**8.3**	3.6
Accruals and deferred income	**0.5**	9.0
	8.8	12.6

Amounts owed to Group companies are unsecured, non-interest-bearing and have no fixed date of repayment.

6. Financial instruments

Financial instruments utilised by the Company during the year ended 31 March 2016 and period ending 31 March 2015 may be analysed as follows:

Financial assets	2016 £m	2015 £m
Financial assets measured at amortised cost	**440.0**	439.9

Financial liabilities	2016 £m	2015 £m
Financial liabilities measured at amortised cost	**8.8**	12.6

Current assets and liabilities

Financial instruments included within current assets and liabilities (excluding cash and borrowings) are generally short term in nature and accordingly their fair values approximate to their book values.

7. Dividends

	2016 £m	2015 £m
Amounts recognised as distributions to ordinary shareholders in the year comprise:		
Interim dividend for the year ended 31 March 2016 of 0.5p per ordinary share	**5.0**	–
Proposed final dividend for the year ended 31 March 2016 of 1.0p per ordinary share	**10.0**	–

The proposed final dividend for the year ended 31 March 2016 is subject to approval by shareholders at the Annual General Meeting and hence has not been included as liabilities in the financial statements at 31 March 2016.

8. Called-up share capital

Share capital	2016 Number '000	2016 Amount £m	2015 Number '000	2015 Amount £m
Allotted, called-up and fully paid				
Ordinary shares of 1p each (2015: £1.50 each)	**1,001,052**	**10.0**	1,000,000	1,500.0
Total	**1,001,052**	**10.0**	1,000,000	1,500.0

On 23 April 2015 the Company issued and allotted 1,051,699 shares of £1.50 each in connection with the Auto Trader Group plc Share Incentive Plan and these were admitted for trade on the London Stock Exchange on 24 April 2015. The shares rank pari passu with the existing ordinary shares of the Company. The total number of shares in issue at March 2016 was 1,001,051,699.

On 29 July 2015 the Company completed a reduction of share capital and share premium (the 'Capital Reduction'), whereby the entire amount outstanding on the Company's share premium account was cancelled and the nominal value of each issued ordinary share in the capital of the Company was reduced from £1.50 to £0.01. The Capital Reduction has created a significant amount of distributable reserves for the Company.

9. Employee Share Option Trust

The ESOT purchases shares to fund the Share Incentive Plan. At 31 March 2016, the trust held 1,021,224 (2015: nil) ordinary shares with a book value of £1.5m (2015: £Nil). The market value of these shares as at 31 March 2015 was £4.0m (2015: £Nil). During the year the ESOT purchased 1,051,699 shares of the Company at a cost of £1.6m (2015: nil) representing 0.1% of issued share capital. At 31 March 2016, 1,021,224 shares relating to the SIP remain in the ESOT with a historical cost of £1.5m.

10. Contingent liabilities and guarantees

The Company is a guarantor to a borrowing facility relating to a loan provided to a Group entity. The amount borrowed under this agreement at 31 March 2016 was £403.0m (2015: £550.0m).

11. Related parties

During the year, a management charge of £2.0m (2015: £nil) was received from Auto Trader Ltd. in respect of services rendered.

At the year end, balances outstanding with other Group undertakings were £440.0m and £8.3m respectively for debtors and creditors (2015: £439.9m and £3.6m) as set out in notes 4 and 5.

Shareholder information

Registered office and headquarters
Auto Trader Group plc
1 Tony Wilson Place
Manchester
M15 4FN
United Kingdom
Registered number: 09439967

Tel: +44 (0) 161 669 9888
Web: autotrader.co.uk
Investor relations: ir@autotrader.co.uk

Company Secretary
Sean Glithero

Joint stockbrokers
Bank of America Merrill Lynch
2 King Edward Street
London
EC1A 1HQ

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

Independent auditors
PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Registrar
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Tel UK: +44 (0) 871 664 0300
(calls cost 12p per minute plus network extras; lines are open 9.00am to 5.30pm Monday to Friday, excluding public holidays in England and Wales)

Tel international: +44 (0) 371 664 0300
(charged at the appropriate international rate)

Web: capitaassetservices.com
Email: shareholder.enquiries@capita.co.uk

Financial calendar 2016–2017

Annual General Meeting	22 September 2016
Half-year results	10 November 2016
2017 Full-year results	June 2017

Shareholder enquiries
Our registrars will be pleased to deal with any questions regarding your shareholdings (see contact details in the opposite column). Alternatively, if you have internet access, you can access capitashareportal.com where you can view and manage all aspects of your shareholding securely including electronic communications, account enquiries or amendment to address.

Investor relations website
The investor relations section of our website, about-us.autotrader.co.uk/investors, provides further information for anyone interested in Auto Trader. In addition to the Annual Report and Financial Statements, and share price, Company announcements including the full-year results announcements and associated presentations are also published there.

Cautionary note regarding forward-looking statements
Certain statements made in this Report are forward-looking statements. Such statements are based on current expectations and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these forward-looking statements. They appear in a number of places throughout this Report and include statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the business. Persons receiving this Report should not place undue reliance on forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, Auto Trader Group plc does not undertake to update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

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London
Auto Trader Group plc
3rd Floor, 2 Pancras Square
London
N1C 4AG

+44 (0) 20 3747 7100

Manchester
Auto Trader Group plc
1 Tony Wilson Place
Manchester
M15 4FN

+44 (0) 161 669 9888

autotrader.co.uk